

90TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1616 }

GOVERNMENT REPORTS AND STATISTICS

INTERIM REPORT
OF THE
SELECT COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE
ON
THE GROWING PROBLEMS OF SMALL BUSINESS
IN MEETING FEDERAL PAPERWORK REQUIREMENTS



OCTOBER 8, 1968.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1968

98-010

SELECT COMMITTEE ON SMALL BUSINESS

(Created pursuant to S. Res. 58, 81st Cong.)

GEORGE A. SMATHERS, Florida, *Chairman*

JOHN SPARKMAN, Alabama	JACOB K. JAVITS, New York
RUSSELL B. LONG, Louisiana	HUGH SCOTT, Pennsylvania
WAYNE MORSE, Oregon	NORRIS COTTON, New Hampshire
ALAN BIBLE, Nevada	PETER H. DOMINICK, Colorado
JENNINGS RANDOLPH, West Virginia	HOWARD H. BAKER, Jr., Tennessee
E. L. BARTLETT, Alaska	MARK O. HATFIELD, Oregon
HARRISON A. WILLIAMS, Jr., New Jersey	
GAYLORD NELSON, Wisconsin	
JOSEPH M. MONTOYA, New Mexico	
FRED R. HARRIS, Oklahoma	

WILLIAM T. MCINARNAY, *Staff Director and General Counsel*

ERNEST P. EVANS, Jr., *Professional Staff Member*

ELIZABETH A. BYRNE, *Chief Clerk*

(II)

LETTER OF TRANSMITTAL

U.S. SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
September 9, 1968.

HON. HUBERT H. HUMPHREY,
*President of the Senate,
U.S. Senate, Washington, D.C.*

DEAR MR. PRESIDENT: I have the honor to transmit to you an interim report by the Senate Select Committee on Small Business on the subject of "Government Reports and Statistics."

This report, prepared with the assistance of Mr. Thomas F. Corcoran, former staff director of the House Subcommittee on Census and Statistics, summarizes the studies and investigations of the committee on the problems of small business compliance with the increasing demand and complexity of Federal reporting and paper-work requirements, and sets forth certain interim findings and recommendations with respect to these problems.

Sincerely yours,

GEORGE A. SMATHERS,
Chairman, Select Committee on Small Business.

(111)

CONTENTS

	Page
I. Introduction.....	1
A. Highlights of this report.....	1
B. The Federal Reports Act.....	2
C. The volume of paperwork.....	3
D. Federal-State cooperation.....	4
II. The paperwork agencies.....	7
A. Bureau of the Budget.....	7
1. Kaysen committee report.....	11
2. National Data Center.....	12
3. Confidentiality.....	12
4. Other proposals.....	13
B. Bureau of the Census.....	15
1. Reducing the burden.....	15
2. State and local government cooperation.....	17
C. Social Security Administration.....	17
1. Earnings reports.....	18
2. Statistical uses.....	19
D. Department of Labor.....	22
1. Interagency cooperation.....	22
2. Federal-State cooperation.....	24
3. Needed improvements.....	24
4. Unemployment insurance reports.....	25
E. Internal Revenue Service.....	30
1. Tax purposes only.....	31
2. Needed reforms.....	32
3. Federal-State cooperation.....	33
F. National Archives and Records Service.....	33
1. Federal paperwork and automation.....	33
2. The cost of paperwork.....	34
3. Paperwork management.....	34
III. Summary and conclusions.....	37
Appendices:	
A. The Federal Reports Act of 1942 and Executive Order 10253 of 1951.....	41
B. Table 1. Obligations for principal statistical programs, by subject areas, 1959-69.....	46
Table 2. Obligations for principal statistical programs, by selected agencies, 1959-69.....	48

(v)

90TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1616

GOVERNMENT REPORTS AND STATISTICS

OCTOBER 8, 1968.—Ordered to be printed

Mr. SMATHERS, from the Select Committee on Small Business,
submitted the following

INTERIM REPORT

I. INTRODUCTION

A. HIGHLIGHTS OF THIS REPORT

- The small business community is justly concerned about the proliferation of Federal, State, and local government reports and paperwork (p. 8).
- For the "mom and pop" store and similar small business enterprises, the cost of government paperwork may make the difference between a profit and a loss (p. 25).
- The Federal Reports Act, sponsored by the Senate Special Committee To Study Problems of American Small Business in 1942, has not been effective in implementing the policy of the Congress directed toward reducing the reporting burden of small business enterprises (p. 3).
- Federal reporting and statistical programs over the past 10 years have increased at a rate of 50 percent greater than the Federal budget itself (p. 9).
- The cost of Federal paperwork (forms, correspondence, reports, records filing and storage, etc.) exceeded \$8 billion in 1967. In 1 year, the Federal Government files 4.5 million cubic feet of records, the equivalent of 10 billion pieces of typing paper (p. 34).
- Most of the complaints to the Congress from small businessmen concern three Federal reporting systems: tax returns, census reports, and wage and earnings reports (p. 3).
- The committee believes that the present system of Federal tax reporting can be greatly simplified, especially for small businessmen and individuals. Tax reform programs now under study should include specific proposals for simplified tax reporting (p. 32).
- The committee also believes that census and wage-earnings reporting can be substantially improved. It questions the need for quarterly wage and earnings reporting under both the unemployment compensation and social security programs (p. 4).

(1)

- The committee concurs with the findings of the Kaysen Committee that a new organizational approach is needed to the Federal statistical system. It recommends that the General Services Administration and the Bureau of the Census be given more responsibility in the monitoring and integration of Federal reports and statistics (p. 39).
- Only one-fourth of all Federal reports and records are now automated. Any proposals for a National Data Center or similar facility must be evaluated in terms of the enormous initial costs of computerizing the remaining 75 percent (p. 33).
- Such proposals must also be carefully studied to insure that the confidentiality of records and the privacy of business firms and individuals shall be fully safeguarded (p. 13).
- More than 50 percent of the Nation's public paperwork burden is imposed by State and local governments. With some exceptions, for every Federal report there is a similar or comparable report at the State and local level (p. 4).
- The committee commends those Federal agencies which have undertaken programs to reduce the reporting burden of small businessmen through greater use of administrative records for statistical purposes and through greater exchanges of information with State and local government agencies (p. 39).

B. THE FEDERAL REPORTS ACT

There can be little doubt that the reporting burden placed upon small business by the Federal agencies represents a continuing source of irritation and frustration to the small entrepreneur. Not only are Government tax and statistical reports time consuming and costly to prepare but, in many instances, a real question arises as to the genuine need for and useful purpose to be served by an inquiry or survey. Further, some small businessmen who make little or no use of officially compiled information, themselves, suspect that there exists an unholy alliance between Government and big business in these matters and that the information supplied by them to the Government is often used by market researchers, location specialists, and sales analysts of the large companies to the detriment of small business.

These fears, frustrations and irritations of the small business community are well known to Members of Congress. The Congress has increasingly concerned itself with the rising volume of Federal tax and statistical forms and time and again has called the Federal departments and agencies to account for inefficient paperwork management practices.

Earlier attempts to reduce the flood of Government paperwork have been well summarized elsewhere.¹ Briefly, since 1942, the Federal Reports Act (5 U.S.C. 139) passed by the War Congress in 1942, has become the basic Federal statistical or "reports" law. It was based largely on recommendations made by the Senate Special Committee To Study Problems of American Small Business in 1941 that there was need for coordinating the statistical programs of the Federal agencies in order "to eliminate duplication and reduce the cost of such services and to minimize the burdens of furnishing reports and in-

¹ See especially "First (1949) and Second (1955) Hoover Commission Reports and also the Federal Paper Work Jungle," H. Rept. 82, 89th Cong., 1965.

formation to governmental agencies."² Under the act, the Director of the Budget has authority to "order a single Federal agency to collect statistics if more than one is doing so, to determine whether or not the collection of data is necessary, to require an agency to make its statistics available to other agencies under certain conditions, and to approve or disapprove new plans to collect data from 10 or more persons."³ However, the Internal Revenue Service (the largest paper-work agency), and other Bureaus of the Treasury Department (Bureau of Accounts, Bureau of Public Debt, Comptroller of the Currency, and Division of Foreign Funds Control), and the Federal banking agencies are specifically exempt from the act.⁴

Thus, with such clear and unmistakable authority [with noted exceptions] on the statute books, the small businessman today might well wonder why

It will take a miracle to stop the outburst of forms, ink, paper and questionnaires as well as directives which the Government now uses to confound the citizenry and make the bureaucrat happy.⁵

Recent developments in the paperwork story and the effectiveness of Federal controls are summarized below.

C. THE VOLUME OF PAPERWORK

From time to time, attempts have been made to quantify the enormous mass of forms, schedules, notices, directives, supplements, and other information gathering materials which are sent out to the public by the Federal agencies in Washington. According to one estimate, over 2 billion public use forms (some 10 forms for every person in the United States) are printed by the Government Printing Office each year for the Federal agencies.⁶ According to another source, there are only about 775 statistical reports with business respondents and of these only "one-sixth to one-fifth are mandatory in the more restrictive and ordinary sense, i.e., nonresponse is subject to stated penalties."⁷ Moreover, a large segment of Federal reporting is concerned with program administration and is termed "administrative" since it principally involves beneficiaries of or participants in Federal programs. Such reporting may be mandatory or voluntary in accordance with agency statutes and enforcement practices. In any case, defenders of the present Federal statistical system argue that such reporting systems do not greatly involve the average small businessman (except as an occasional bidder or contractor) and such paperwork may be considered as a necessary cost of doing business.⁸

Thus, in discussing the volume of Federal reports, for our purposes here we can limit our concern to those reports which all small businessmen find particularly onerous. Most complaints received by this and other committees of Congress relate to three broad reporting systems: tax returns (especially income, excise, Federal Insurance Contribu-

² See "Small Business Problems", S. Rept. 479, 77th Cong., 1st sess., 1941.

³ See "The Federal Paperwork Jungle," p. 9.

⁴ The Federal Reports Act was later strengthened by provisions of the Budget and Accounting Procedures Act of 1950 and Executive Order No. 10253 of June 11, 1951. See app. A.

⁵ See Hearings before House Subcommittee on Census and Statistics, p. 119.

⁶ From testimony before House Census and Statistics Subcommittee hearings, p. 22.

⁷ Bureau of the Budget letter to Chairman Smathers, dated Feb. 15, 1968.

⁸ See "Government Procurement" hearings before this committee, January 1966, p. 256.

tions Act (FICA) tax schedules); census reports (especially census of manufactures and census of business schedules); and employment and earnings reports (especially the quarterly reports on employment and earnings required for administering the unemployment compensation and social security programs). Some idea of the volume of paperwork involved in these three broad reporting systems may be gathered from the following data:

- In 1966, over 22 million employment tax returns (IRS forms 940, 941, 942, and 943) were filed with the Internal Revenue Service.
- In 1967, the earnings of 80 million persons were reported to the Social Security Administration and the wages of over 48 million workers were reported under the State unemployment insurance programs.
- Over 4 million business firms are covered in the 1967 Economic Censuses (now in preparation). Of these 99 percent are expected to have less than 100 employees, but not all of these will be canvassed.⁹

D. FEDERAL-STATE COOPERATION

Although the enormous dimensions of the Federal tax and reporting systems are difficult to encompass, they represent only about one-half of the volume of reports, inquiries, directives, and other paper mailed to business establishments. With some exceptions, for every Federal report there exists a similar or comparable report at the State and local government levels. The Hoover Commission task force in 1955 estimated that more than 50 percent of the Nation's paperwork burden was imposed by State and local governments. In recent years, this percentage may have risen because of increased computerization in State and local government offices (especially of property and income tax records). Moreover, since no restraint comparable to the Federal Reports Act exists at the State and local government levels, and, for the most part, the reports and statistics of the State and local agencies are admittedly less scientific and sophisticated than the Federal, with but little use of probability sampling and standardized questionnaire design, it is understandable why a small businessman says:

The real problem seems to us to be on the State level where confusion, duplication, and the accent on seemingly purposeless information is truly alarming.¹⁰

It is obvious that greater cooperation between Federal and State tax and data collecting agencies offers broad opportunities in a large number of reporting areas. In the past, Federal-State cooperation has been largely restricted to joint efforts in such fields as crop and livestock reporting, vital statistics records and certain specialized labor, health, education, and welfare reporting services. Most of the programs were either federally funded or conducted on a matching of funds basis.

But, for the most part, Federal-State-local cooperative tax and statistical reporting arrangements have been and are limited to specialized activities involving one Federal and one State or local agency, without any guidance or direction from either the Federal or

⁹ See below, discussion about use of tax records in the 1967 Economic Censuses, p. 16.

¹⁰ From survey report of "National Federation of Independent Businessmen," p. 85.

State administrations. Recent developments in Federal-State-local cooperative endeavors are discussed below under agency programs.

Some ray of hope in the complex Federal-State-local government reporting systems has emerged in recent months through the National Conference on Comparative Statistics cosponsored by the National Governors' Conference, the Council of State Governments, the National Association of Counties, the U.S. Conference of Mayors, the National League of Cities, the Municipal Finance Officers' Association, the Advisory Commission on Intergovernmental Relations and the U.S. Bureau of the Budget. The Second National Conference on Comparative Statistics, held in Washington, in April 1968, was attended by key Federal, State, and local officials with statistical and reporting responsibilities, and dealt with a broad spectrum of information and data problems, including experience in attempts to coordinate statistical activities at the State level, and efforts to make more effective use of available Federal-State and local data sources and materials. Since the conference was principally concerned with "comparative" statistics for such uses as budgets and finance, population and housing estimates, socioeconomic problems in employment, crime, welfare, and poverty and the like, little attention was accorded to the reporting problems of the business community which must supply much of the information to these Federal-State-local reporting systems. It would be hoped that the business reporting burden at the State level where "the accent on seemingly purposeless information is truly alarming" would be included in the conference's future agendas.¹¹

It must be recognized that although the quality of State and local government services is improving gradually, for the most part, State and local governments are poorly staffed and equipped to meet the growing demands placed upon them today. The fact that Federal funds are supporting an ever-increasing share of State and local government programs in health, welfare, poverty, education, job training, economic development, highways, and all the rest, no longer allows us to dismiss the State and local data problems as not being a Federal responsibility. It is in the Federal Government's self-interest to assist the State and local governments in improving the efficiency of their reporting and data collecting services. Surely, if the Federal Government can furnish technicians and support to improve the statistical programs of foreign nations in every continent, we can also give "aid" to our States in improving their services.¹²

This committee, whose earlier recommendations paved the way for the Federal Reports Act of 1942, plans to pursue the above matters, including recommendations for new legislation, if needed, with a view to making the Federal statistical and reporting systems more responsive to Federal-State-local government needs for data, on the one hand, and the ever-increasing public reporting burden, on the other.

¹¹ See note 10.

¹² See below, p. 17, concerning the new Intergovernmental services program of the Census Bureau.

II. THE PAPERWORK AGENCIES

In an effort to evaluate recent progress in Federal reporting programs, with special attention directed toward the reporting systems discussed above, a paperwork conference was arranged on November 9, 1967, by the staff of the Small Business Committee. Participating in the conference were representatives of most of the principal Federal tax and data collection agencies along with representatives of two private groups: the Advisory Council on Federal Reports and the Federal Statistics Users' Conference. Recent reporting and paperwork developments in the key Federal agencies based on information exchanged during the conference and materials subsequently submitted to the committee by the agencies, are summarized briefly below under agency headings.¹ We begin with the Bureau of the Budget, which as stated above, has overall responsibility for Federal reports and statistics under the Federal Reports Act.

A. BUREAU OF THE BUDGET

Representatives of the BOB told the committee that, in their opinion, their overall responsibility for supervising and monitoring the Federal reporting system does not include "responsibility for every detailed aspect of each form, either in terms of content or design." Rather they understand their responsibility under the act—

to examine reporting plans from the point of view of their essentiality and appropriateness within the context of the Government programs; to give particular attention to cost including the reporting burden imposed on the public; to insure that any project is designed for maximum usefulness to the Government as a whole and when appropriate, to users among the public; to consider issues of public policy, including problems of propriety and invasion of privacy; and to satisfy ourselves that the plans have been competently designed from a technical point of view.

When questioned as to whether the Bureau of the Budget was adequately staffed to "provide necessary supervision as required by the Federal Reports Act," BOB officials replied that, although they "would welcome some marginal addition to their resources," they did not believe it realistic to consider any substantial increase in staff nor are they prepared to propose such an increase.²

In February 1965, a report of the House Post Office and Civil Service Committee stated that "the continued deficiencies in the Federal reporting and statistical system are matters of grave concern" and went on to point out major shortcomings in the administration of the Federal reporting system in such problem areas as: unauthorized

¹ Not included in this interim report are the statistical programs of the Department of Agriculture, and the activities of the regulatory agencies, ICC, FTC, SEC, FAA, etc.

² Letter to Senator Smathers from Mr. Walter Ryan, Deputy Director, Office of Statistical Standards, BOB, dated Feb. 15, 1968.

questionnaires, the lack of any supervision over the regulatory agencies, the need for new "reports" legislation to clarify the status of the regulatory agencies, the faulty statistical budgetary process, and the ineffective Federal-State cooperative mechanism in this field.

Since the House report of 1965, there has been a considerable expansion in the Federal reporting system. The number of approved Federal administrative and statistical reports has increased by some 1,200, over the 3-year period (an increase of over 30 percent) and the system continues to expand at a rapid rate. Of particular interest to the businessman (and the object of numerous complaints to Congress) is the recent reporting program of the Equal Employment Opportunity Commission requiring data concerning minority groups from some 80,000 employers under the Civil Rights Act of 1964. Since most employment records have not in the past specified racial and nationality characteristics, this single report has been exceedingly troublesome and costly to businessmen. According to one estimate reaching the committee, this report can require up to 10 hours to complete and the total cost to the business community for this single report (EEO-1 below) may be as high as \$4 million annually.

At the request of the committee, the following summary of the Equal Employment Opportunity Commission's reporting system was prepared by the Bureau of the Budget:

*Summary of Equal Employment Opportunity Commission
Statistical Programs*

The Equal Employment Opportunity Commission has instituted no new statistical programs in 1968. Their on-going statistical program provides for the annual collection of data on three major reports, summarized below:

1. *Employer Information Report, EEO-1.*—The filing of this form is required of (a) all employers subject to title VII of the Civil Rights Act of 1964 with 100 or more employees and (b) holders of Federal Government contracts and sub-contracts, and depositories of Federal funds, subject to Executive Order 11246, with 50 or more employees. Approximately 150,000 reports were filed in 1968. Although coverage under title VII has been successively lowered each year by law and now, as of July 1, 1968, covers employers with 25 or more employees, the EEOC has not required employers with fewer than 100 employees to file EEO-1, and the number of reports required has not increased significantly since the inception of EEO-1 in January of 1966. Basic data reported on EEO-1 include statistics on all employees by job categories broken according to sex and minority group status (Negro, Oriental, American Indian, and Spanish-surnamed American). Similar data are required on apprentices. Illustrative of special studies based on analysis of these data are "1966 Employment Survey in the Textile Industry of the Carolinas," "Employment Patterns in the Drug Industry, 1966," "White Collar Employment Opportunities for Minorities in New York City," etc.

2. *Apprenticeship Information Report, EEO-2.*—This report is required to be filed by joint labor-management apprenticeship committees, where at least one sponsoring employer has 50 or more employees and at least one sponsoring local union operates a hiring hall or has 50 or more members. In 1967, the first year this survey was in use, 2,000 joint committees filed the report. Basic data reported are statistics on minority group status and sex of apprentices by their number of years in the program, and background information on numbers of applicants, standards and selection procedures, etc.

3. *Local Union Equal Employment Opportunity Report EEO-3.*—This report is required of all local unions subject to title VII of the Civil Rights Act which have 100 or more members. Instituted in late 1967, some 22,000 unions completed the report. The data is still being processed and no statistical results have been obtained to date. EEO-3 collects basic information on union practices and statistics by sex and minority group of members and applicants for membership in referral unions.

* * * * *

The large increase in Federal reporting and statistical activities is attested to by the steadily expanding budgets for statistical programs. Over the past 10 years, the total obligations for the "principal" statistical program went from \$56.7 million in 1959 to \$158.4 million in 1969. If the census and similar programs are excluded from these figures, expenditures for "current" or regular programs increased from \$43.1 million in 1959 to \$133.7 million this fiscal year. Thus, in 1969 the current statistical programs were budgeted at over three times the 1959 level.³ All Federal expenditures have less than doubled over the 1959-69 period.

The mushrooming of Federal research and statistical programs in recent years was brought out by representatives of the Federal Statistics Users' Conference in statements before the Joint Economic Committee:

The point we are making here is that in terms of numbers; if nothing else, the vast proliferation of research and statistical programs and projects now being undertaken is so overwhelming that we wonder how any agency or organization can keep abreast of these many programs in order to discover probable areas of duplication and to determine where coordination might be required.

We, as an organization, and our individual members, consider ourselves fairly sophisticated and knowledgeable about the sources and availability of Federal statistical data. But, it is not easy to keep fully informed except in specific subject areas of major interest. Think what this task must be for the less sophisticated user or for the occasional or potential user. What is lacking and is sorely needed is a comprehensive and uniform inventory of research and statistical data and an indexing system.⁴

³ See appendix, table I, p. 46.

⁴ See hearings, before the Subcommittee on Economic Statistics, May-June 1967, p. 43.

In 1965, the House Post Office and Civil Service Committee stated that:

Central management responsibility for effective control, coordination and administration of Federal reporting rests upon the Bureau of the Budget.

Whether Federal reporting is to well serve or to burden the Government and the public depends heavily upon the performance of this responsibility and the adequacy of the organizational and staffing facilities provided for its performance within the Bureau. In the judgment of the subcommittee, a major strengthening of such facilities is the first requisite for correction of the highly unsatisfactory condition of Federal reporting activities demonstrated in this report.⁵

As indicated above, when BOB officials were questioned by this committee as to whether they were adequately staffed to carry out their responsibilities under the Federal Reports Act, they stated that they "did not believe it realistic to consider any substantial increase in staff, nor are we prepared to propose such an increase."

Yet, BOB officials when questioned by the Joint Economic Committee in 1967 as to "attempts to measure the burden to respondents" of Federal reports and statistics, stated:

Since 1964 the Office of Statistical Standards has routinely required that any proposal for a new or revised report shall include an estimate in man-hours of the time required by respondents to complete the report. For repetitive reports this estimate is expressed in man-hours per year. During 1965 similar estimates were entered into the records for the entire existing inventory of repetitive reports.

These estimates are used, first, in weighing the costs of a proposed report against its benefits, and also in statistical compilations showing the distribution of the reporting effort required by Federal reports by types of reports, types of respondents, and agencies. They lend themselves to additional types of analysis which we have not yet had time or resources to develop.

The fact that the BOB officers have not had "time or resources" to undertake studies and analyses of the statutory controls⁶ placed upon the reporting agencies to keep the paperwork burden in check along with a valuable byproduct relating to the cost to respondents in man-hours of all approved Federal reports, suggests to this committee an indifference toward their basic responsibilities in this matter. The fact that they do not "propose" to staff themselves adequately to discharge their responsibilities in this area, indicates an attitude which this committee, whose first responsibility is to the small businessman, cannot accept, in spite of current employment ceilings. Business firms and individuals spend over 100 million man-hours each year preparing reports for the Federal Government.⁷ This figure,

⁵ See "Federal Paperwork Jungle," op. cit. p. 104.

⁶ See sec. 3(a) Federal Reports Act, app. A.

⁷ Bureau of the Budget estimate.

impressive as it is, applies only to reports approved under the Federal Reports Act and does not include tax and financial returns nor reports required by regulatory agencies. Also excluded, of course, are State and local government reports.⁸

1. *Kaysen Committee report*

That the Federal reporting and statistical system is in need of major restructuring, as the House committee stated in 1965, was borne out by the report of the Kaysen Committee in October 1966.⁹

The Committee, headed by Dr. Carl Kaysen of the Institute for Advanced Study, Princeton, N.J., was called in by the Bureau of the Budget to review and appraise the problem of "storage of and access to" Government statistics and to evaluate proposals for a National Data Center.¹⁰ The Committee, understandably, broadened its investigation to the entire Federal statistical system and how it can best be organized and operated so as to (1) meet the accelerating needs for statistical information; (2) develop safeguards to preserve the right of the individual to privacy; (3) to make best use of existing information and information-generating methods; and (4) to meet these needs with a minimum burden of reporting on individuals, businesses, and other reporting units.

The Committee reported:

As it is presently operated, the statistical system is both inadequate in the sense of failing to do things that should and could be done, and inefficient—in the sense of not doing what it does at minimum cost, or getting less for what it spends than might be possible.

The Kaysen report goes on to describe three areas of inadequacy in the present system: (1) the lag between receipt of information by the Federal agencies and its availability in published or usable form; (2) the widespread "suppression" of microinformation, because of orientation toward aggregated or summarized data as a major goal; and (3) the lack of any uniform policy or standard in the agencies for protecting the privacy of information reported by individuals and businesses.

The report also details three "major elements of inefficiency" in the system: (1) duplication in the collection of information; (2) the failure to use all of the information potentially available in the data collected; and (3) the failure of some of the smaller agencies to make use of modern techniques, professional specialists, and automatic data processing equipment.

We have detailed the conclusions of the Kaysen Committee at some length, because of the special concern of this Committee for the small businessman who furnishes over 95 percent of the business reports used in the Federal statistical system. Of particular interest to this committee are the charges of inadequacy and inefficiency in the system, especially as concerns duplication in the collection of

⁸ For total paperwork costs, see below, p. 34.

⁹ "Report of the Task Force on the Storage of and Access to Government Statistics," Bureau of the Budget, October 1966. The other members of the Committee were: Charles C. Holt, University of Wisconsin; Richard Holton, University of California at Berkeley; George Kezmetzky, University of Texas; H. Russell Morrison, Standard Statistics Co.; and Richard Ruggles, Yale University.

¹⁰ An earlier report to the Bureau of the Budget in 1965, the "Ruggles Report," prepared by a committee of the Social Science Research Council, had recommended the establishment of a "Federal Data Center."

information, the failure to use all of the information collected; and the lack of any uniform policy for protecting the privacy of information reported by individuals and businesses. To some extent, these defects and others mentioned above might be excused as byproducts of the highly decentralized and loosely coordinated statistical collection and processing system which we have had now for over 25 years. Yet we cannot overlook the fact that during this period very few operating programs of the Government have been more studied and evaluated by both Congress and the executive branch, and by task forces of professionals and academicians, than the Federal statistical system, and yet today the system remains "both inadequate and inefficient."

2. National Data Center

As a solution to at least some of the shortcomings in the present data collection and integration difficulties, the Kaysen Committee supported the creation of a National Data Center. The Center would be responsible "for (1) assembling in a single facility all large-scale systematic bodies of demographic, economic, and social data generated by the present data collection of administrative processes of the Federal Government, (2) integrating the data to the maximum feasible extent, and in such a way as to preserve as much as possible of the original information content of the whole body of records, and (3) providing ready access to the information, within the laws governing disclosure, to all users in the Government and, where appropriate, to qualified users outside the Government on suitably compensating terms." In addition, the Center would serve as a focal point for Federal-State-local government cooperation in such matters as uniformity in data bases and data flows to the Center from State and local agencies.

The Committee also recommended that the proposed National Data Center be placed in the Executive Office of the President under a to-be-created Director of the Federal statistical system who would be appointed by the President. The Bureau of the Budget's Office of Statistical Standards would become a staff office of the new Director and the Bureau of the Census, the largest statistical collecting and processing agency, would be transferred from the Department of Commerce to become a "coordinate" agency of the proposed National Data Center under the Director, Federal statistical system. The report also proposes two advisory councils, a Federal Statistical Council, representing the major data producing and user agencies, and a Public Advisory Council, with members representing the public in general and representatives of business, labor, State and local governments, and others.

Although the proposal for a National Data Center contains much merit and possibly might be implemented in part on an experimental or "pilot" basis, in and of itself, it would not resolve the basic problems in the Federal reporting and statistical system. The fact is that the data center could well create more problems than it resolves, especially in such matters as confidentiality, cooperation of respondents, competent statistical analysis and timeliness of published results.

3. Confidentiality

The Special Subcommittee on Invasion of Privacy of the House Committee on Government Operations held a series of hearings relating to threats to invade the privacy of individuals and business

firms in 1965 and 1966 and has continued its investigations in these matters.¹¹ The subject has also been examined from time to time by committees of the Senate, notably the Subcommittee on Constitutional Rights of the Judiciary Committee and the Post Office and Civil Service Committee, the latter specifically relating to the confidentiality of census reports.

So far as the business community is concerned, on the whole, Federal agencies have zealously observed the confidentiality of information entrusted to them in both compulsory and voluntary reporting systems. Federal administrators well understand that without confidentiality and privacy safeguards, an entire reporting system could be jeopardized. For this reason, in the past, statistical agencies have gone to the courts to defend themselves against demands made by regulatory agencies for individual firm data.¹² On the other hand, when confidential information is transferred from one agency to a second or third agency, there is always the possibility that leaks will occur somewhere along the line. This problem, as the Kaysen Committee pointed out, could be one deterrent to the establishment of a National Data Center and must be resolved satisfactorily before any concentration or integration of agency data should be permitted.¹³

4. Other proposals

In testimony before the Joint Economic Committee, Dr. Frederick E. Stephan of Princeton University, a highly qualified expert in Federal statistical program administration stated:

We anticipate both advantages and disadvantages in concentrating dispersed statistical operations, as is evident in business and government experience with other types of operations. The appropriate pattern and degree of concentration should be determined by system studies and cost-benefit analyses developed progressively over such period of time as may be necessary to accomplish them soundly. My guess, therefore, is that a limited and more deliberate program of combining data from diverse sources would be more productive than abrupt establishment of a central agency with functions not fully tested.¹⁴

This committee supports the argument that a "more deliberate program of combining data from diverse sources would be more productive than abrupt establishment of a central agency with functions not fully tested or widely accepted." With the reporting burden in mind, this committee would prefer to see a consolidation of general purpose reporting systems and vastly increased use of administrative records for statistical and analytical purposes.

Under the "consolidation" approach:

- The monthly employment and payroll reports survey of the Bureau of Labor Statistics would be combined with monthly retail trade and manufactures sample surveys of the Census Bureau.

¹¹ Hearings, "Special Inquiry on Invasion of Privacy," June-September 1965 and May 1966, Committee on Government Operations, House of Representatives, 89th Cong. See also "Privacy and the National Data Bank Concept," H. Rept. 1842, Aug. 2, 1968.

¹² See especially: *Federal Trade Commission v. Dürer*, C.A. 111., 1960, 276 F. 2d, 739; certiorari denied, 364, U.S. 882.

¹³ According to one source, "the erosion to privacy which would result is readily apparent." See "The National Public Accountant," August 1968, p. 24.

¹⁴ Hearings, Subcommittee on Economic Statistics, May 1967, p. 54.

- Every fifth year, the Internal Revenue Service would add census-type questions to its business income schedule for small businesses, thereby eliminating all small business firms from the economic censuses.

- The quarterly earnings reports of the Social Security Administration would be converted to an annual reporting system with increased use of SSA data (employer identification, employee earnings, occupations, etc.) as Census Bureau and Department of Labor sources.

- The consolidation of all retail and wholesale price surveys, farm and nonfarm, domestic and foreign, in one agency.

- The consolidation of all economic reporting analyses programs (economic indicators, business cycles, national and personal income and GNP estimation, productivity studies, etc.) in one agency. This activity could be organized as a staff facility directly under or co-ordinate with the Council of Economic Advisers.

From the above, it will be understood that this committee feels that the time has come to correct the institutional and bureaucratic postures which, in the past, have characterized the Federal statistical system and resulted in the hodge-podge of concepts, definitions, and inconsistencies, in the raw and published data now available. The word "employment" may be defined one way by the Department of Labor, another by the Department of Commerce, a third by the Department of Agriculture, and a fourth by the Social Security Administration. The term "small business" means sole proprietors and partnerships and some small corporations to the Internal Revenue Service, firms with under \$10 million in assets to the Secretary of Commerce, and firms of varying size classes to the Bureau of Census, while the Small Business Administration's statutory definition (sixth revision) of small business runs for 19 printed pages.¹⁵

Such inconsistencies and lack of uniformity in agency concepts, definitions, classifications, and published results, raise serious doubts about the effectiveness of the entire Federal statistical and reporting system. As stated 3 years ago by Prof. Wassily Leontief of Harvard University:

The postwar revolution in economic programing and management techniques reinforced by unprecedented advances in data processing technology has made the traditional approach to collection, organization, and dissemination of facts and figures describing the operation of the American economy and the social conditions of the public and private life of the 180 million of American citizens completely obsolete.¹⁶

It must be apparent to the Kaysen Committee and to other proponents of the National Data Center that little would be gained by the centralization and integration of microdata collected by various agencies employing specialized concepts and definitions developed for single agency purposes. It must also be recognized that if the National Data Center were to undertake costly editing or adjustment programs for microdata transferred to it from collecting agencies, the cost of such massive computerization would be prohibitive.¹⁷ Similarly, if

¹⁵ There is great need for the agencies to agree upon a "statistical" definition for small business irrespective of the "legal" definition employed by SBA.

¹⁶ "Improved Statistics for Economic Growth," Subcommittee on Economic Statistics, Joint Economic Committee, July 1965, p. 80.

¹⁷ For cost estimates, see below, p. 34 (footnote).

the National Data Center were to attempt to collect data directly from individuals and business concerns, assuming it were given the legal authority to do so, it might well place in jeopardy the entire reporting system, especially if the confidentiality of reports and the privacy of individuals were not adequately protected. Yet, if the Federal statistical and reporting programs continue to grow at a rate of 50 percent greater than the Federal budget itself, the National Data Center may well offer the best (if not the only) long-term solution to our expanding national data requirements. But, as stated above by Dr. Frederick Stephan, the proposal merits a great deal more study than it has received to date.¹⁸

B. BUREAU OF THE CENSUS

As stated earlier, small business men are especially critical of demands for information made during the quinquennial censuses of manufacturers, wholesale and retail trade, and services. Complaints to the committee from business firms often question the Government's need for the detailed information requested on census schedules and point out that their accounting and bookkeeping records do not readily furnish some of the information requested. When they are permitted to submit estimates, in lieu of sales records, respondents question the usefulness of this information to the Government. This criticism applies especially to merchandise line statistics which were reported in the 1963 economic censuses and are currently included in the 1967 census schedules.

Census officials reported to the committee that:

In planning the inquiries to be included in individual surveys as well as in such a large and important undertaking as the quinquennial economic censuses, a great many points must be taken into account. For example, the inquiries must be selected with great care so as to provide information pertinent to contemporary problems and to be as comparable as possible to the information obtained for past periods. The ability of companies to respond to the inquiries must also be considered. These matters involve extensive consultation with both users and suppliers of information.

In fact, one of the most difficult tasks of the Census Bureau is to strike a balance between the needs of the country for information and the cost, taking account of costs in the Bureau of the Census and the ability of business concerns and the costs to them of supplying the information with reasonable accuracy. We have also tried to keep before respondents an awareness that they too have an obligation to contribute information which will make for better economic decisions in Government and business.

1. *Reducing the burden*

To its credit, over the years, the Census Bureau has been developing and improving techniques designed to reduce the burden on business census respondents. Although these techniques fall short of eliminating criticism of census reports, they have resulted in substantial savings

¹⁸ See above, p. 13.

to both the Government and business. The major improvements are summarized briefly as follows:

(1) Increased use of sampling

Scientific sampling is used widely by Census in current surveys and for some items in the census. In most sample designs for business establishments, all of the very large companies or units are included in the survey and only a small fraction (even less than 1 percent) of small business firms may be canvassed. For instance, the monthly retail trade survey includes a sample of only about 25,000 establishments each month out of a total of more than 1½ million establishments.

In its report to the committee, the Census Bureau's sampling policy was described as follows.

The manner in which sample companies are selected and the size of the sample varies with the purpose of the survey, the precision required, and elements of cost that are involved. The basic principle is that of satisfying the statistical needs at minimum cost and within the limits of feasibility and administrative requirements.¹⁹

(2) Use of administrative records

The increasing use of administrative records for statistical purposes represents a methodological advance which will greatly alleviate the reporting burden of the small business community. The program involves utilizing, for census purposes, data collected by other agencies (principally the Internal Revenue Service and the Social Security Administration) for tax and other purposes. These administrative records are made to serve for census purposes and no reports are required for the covered firms, at least as far as the items of information reported in the administrative records. In all transfers of data between agencies, individual records are treated in strictest confidence in order to give full protection of the law to the privacy of business firms and individuals.

In the 1963 economic censuses the use of administrative records resulted in some 1 million small firms not being required to file a census report. In the 1967 economic censuses, some 2 million small firms, mostly in retail trade and services, will not be required to file a report. The resultant savings to Government and to business by this one program alone are already significant and future developments point to even greater economies.

(3) Delayed reporting

Substantial improvements and savings in census reporting have also been brought about by special arrangements with reporting companies. Since about one-half of all business firms depend on professional accountants for preparing Government reports, the timing of census reports in relationship to tax and earnings reports can be extremely important to the seasonal workload of accountants. In an effort to ease this workload, the Census Bureau, on request, makes arrangements with accountants for filing late or "delayed" reports, adjusting processing procedures to include the delayed reports in the final census counts.

¹⁹ Letter to Chairman Smathers from Director, Bureau of the Census, Dec. 22, 1967.

(4) Use of short forms

When feasible, the Census Bureau makes use of short or simplified forms to collect information from smaller establishments. In the 1969 Census of Agriculture, for example, about 1 million farms (one-third of all farms) will receive the short form, thereby reducing the reporting burden for the small farmer.

2. State and local government cooperation

The Census Bureau, in cooperation with other Federal agencies, has made a significant contribution toward breaking down the information barriers which have existed in the past between Federal, State, and local government officials. Although the census of governments over the years has depended upon State and local officials for supplying information concerning their jurisdictions (employment, revenues, expenditures, taxes, etc.), in 1966 the Bureau established its intergovernmental services program to improve the exchanges of information between the Federal and the State and local governments and to promote intergovernmental cooperation in fulfilling data requirements at all levels.

To date, Census has held six seminars for State and local officials in Washington, D.C. Some 44 States and 50 cities have sent representatives to the seminars, usually key technical staff members with general responsibility in the State or city for developing and coordinating statistical programs and officials directly involved in the State or city planning organizations. At the seminar sessions, State and local government officials are acquainted with the current statistical plans, programs, and services of the Federal agencies and Federal officials, in turn, are informed concerning the data resources and needs of the States and cities. In connection with this program, the Census Bureau has undertaken the publication of several statistical "guides" developed especially for use of State and local officials.²⁰

In addition to seminars and publications, the intergovernmental services program will include technical assistance to the statistical or data processing offices of States and local governments, principally by providing technical information and "special tabulations" of unpublished data and similar services.

This committee commends the Census Bureau and the cooperating Federal agencies for this long step forward because it must and will result in broad-scale improvement in the available data and data sources. In the longer term, we would expect to see a substantial reduction in the overall reporting burden on business firms and individuals.

C. THE SOCIAL SECURITY ADMINISTRATION

Large masses of data are collected and compiled by the Social Security Administration reflecting the Nation's increasing involvement with social programs of all kinds. In the last decade, coverage under these programs has expanded to include all wage earners (with some exceptions) along with the new service benefits in the health area for persons over 65, resulting in one of the largest paperwork operations in history.

²⁰ The publications to date: "Census Bureau Programs and Publications: Area and Subject Guide," "Directory of Federal Statistics for Local Areas," and "Directory of Federal Statistics for States."

The massive social security reporting system may be viewed in terms of the kinds of information generated from the various administrative programs, as follows: (1) demographic and economic data for individuals, (2) economic data for business establishments, (3) health service data for individuals, and (4) data on characteristics of hospitals and other providers of health services.²¹ Of these, the interest of this committee lies especially in economic data compiled by the SSA for business firms and individuals, although there is also special interest in the reports of hospitals, clinics, and private convalescent and nursing homes.

1. *Earnings reports*

Currently, the Social Security Administration maintains earnings records on some 80 million persons. Every employer with covered workers is required to obtain an employer identification (EI) number, using Internal Revenue Service Form SS-4. A copy of this form is used by the SSA for administrative and statistical purposes. Similarly every covered worker in the system is assigned a social security number, his "account" record being based on information contained in his application form (SS-5).²² As the covered worker earns income, his employer reports his wages quarterly (IRS-941A) against the worker's social security number, if the employment is nonagricultural. For agricultural workers data are reported annually on IRS-943. Similarly, domestic employment is reported quarterly on IRS-942 and self-employed persons report their earnings annually on Schedule S.E. of IRS-1040.

In the brief summary of earnings reports above, it will be noted that earnings in agriculture are reported annually whereas nonagricultural earnings are reported quarterly. It is specifically here that much of the criticism of the SSA reporting system has arisen since the small businessman finds the quarterly reporting system particularly onerous. In the small business paperwork survey mentioned above,²³ IRS-941 (and its attachment 941-A) was the most frequently criticized of all required Federal reports. More recently, a witness told this committee that:

Any inroads into reducing this unfortunate situation that could be initiated by this committee would be a tremendous service to American small business.²⁴

The quarterly earnings reporting system is estimated to cost the business community some \$60 to \$70 million each year. Moreover the burden falls most heavily upon the medium-size and smaller companies which have not computerized their payroll operations. General Motors, United States Steel, Sears, and the other industry giants send computer tapes with the required earnings data for each employee in the several States directly to the Social Security Administration—the tapes are byproducts of the company's payrolling program requiring but little adjustment for reporting purposes. The small firm with say 100 employees, on the other hand, must maintain

²¹ See "Social Security Data, Social Science Research, and Confidentiality," Social Security Bulletin, October 1967.

²² For a time, IRS Form 3227, Application for Account Number, was used for this purpose. Other forms of the Civil Service Commission and Railroad Retirement Board have also been used.

²³ See p. 4 (footnote).

²⁴ See 1967 Hearings, Status and Future of Small Business, p. 204.

cumulative earnings and withholding payment records for each employee and manually prepare these quarterly summaries for reporting purposes.

It is interesting to note that although the quarterly IRS-941 and 941-A forms have been the subject of a number of studies and reports over the years by both Congress and the executive branch, all attempts to convert the 941-A from a quarterly to an annual reporting system have failed. To date, none of the principal agencies involved, the Bureau of the Budget (which has overall responsibility) the Internal Revenue Service (whose depositary receipts would not be affected) nor the Social Security Administration (which would see a substantial reduction in its paperwork load) have been able to justify to congressional committees the continuance of this reporting system.

2. Statistical uses

Some of the statistical uses made by other agencies of SSA's quarterly earnings reports are described as follows:

A number of Federal and State agencies have made use of tabulations of sample records containing information on the personal characteristics and earnings of workers under social security and the location and industry of their employment. Among the more significant uses are those by the Office of Business Economics, the Bureau of Labor Statistics and the Bureau of Employment Security. The concern of the OBE for which the data are useful is regional analysis. The BLS interest relates to average earnings in selected industries. The BES makes available to State unemployment insurance agencies data on wages and worker characteristics from the social security sample. The data help to fill gaps in State unemployment insurance agency sources, especially in States that do not require regular wage reports from employers, and are useful in studies of proposals to extend unemployment insurance coverage to groups of workers and employers now excluded. It is not possible to estimate the extent of the reporting burden that would be imposed on employers by the needs of these various agencies in the absence of the social security data. It is highly likely that studies of legislative proposals would require surveys involving special reporting by employers were not the SSA data available.²⁵

At the request of the committee the following supplemental statements on the current status on the IRS-SSA quarterly reporting system were prepared by the Bureau of the Budget and by the Social Security Administration. After giving due consideration to all the "justifications" presented by both agencies for the continuance of this report, the committee concludes that no significant damage will be done to the administration of the social security system if business firms furnish 4 million annual earnings reports, by quarters, instead of the 16 million quarterly reports now required. The savings to both the Government and the business community from annual reporting must be apparent to all.

²⁵ Letter to Chairman Smathers from the Commissioner of Social Security, Jan. 3, 1968.

*Status of Review of Feasibility of Eliminating Quarterly Wage
Reporting on IRS Form 941A*

(Prepared by the Bureau of the Budget)

The interdepartmental effort to determine feasible alternatives to quarterly reporting by employers on schedule A, form 941, "Report of Wages Taxable Under the Federal Insurance Contributions Act," resulted in a centering of attention on the possible use of form W-2, "Withholding Tax Statement," as a substitute for form 941A. Form W-2 is a report from an employer to the Internal Revenue Service setting forth the amount of wages paid by him to a particular employee during the year and does, therefore, provide a basis for determining the annual total of wages received by an employee (from one or several employers). Its use, without change, as a substitute for form 941A would require a change in existing social security legislation so as to permit annual rather than the presently required quarterly posting of wage credits to an employee's social security account. A variant of this use would involve the reporting on form W-2 of a quarterly breakdown of the annual total of wages paid an employee. The latter would avoid the need for change in social security legislation since it would provide quarterly data on wages paid, although at annual intervals.

The prospective costs of processing annual wage data in terms of peakload personnel requirements and the loss of accuracy and currency in employee accounts inherent in a system of annual wage reporting, as well as the problems involved in a transition from quarterly to annual employer reporting of wages paid have led the Bureau of the Budget to conclude that it would be unwise at this time to effect a changeover to annual wage reporting by employers for social security purposes. The Bureau will continue its surveillance of the problem, with particular attention to the expanding use of magnetic tapes as the medium for reporting, but plans no action in the immediate future.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Baltimore, Md., August 20, 1968.

HON. GEORGE A. SMATHERS,
U.S. Senate, Washington, D.C.

DEAR SENATOR SMATHERS: This is in further reference to your letter of July 10, 1968, regarding the continuation of the 941-A quarterly earnings reporting system for social security.

First, I would like to clear up a misunderstanding concerning our 1 percent sample data which is used for inter-agency statistical purposes. This is strictly a byproduct of our processing of the earnings records for social security purposes and is in no way a justification for continuing quarterly re-

porting. The quarterly reporting of earnings is based upon the substantive provisions of the Social Security Act and the processes necessary to act on claims promptly and to pay benefits accurately.

As you may know, considerable study has been given in the past to the proposal for amending the Social Security Act so as to make possible eliminating the 941-A quarterly system and substituting a system of annual reporting using the W-2's. Our main concerns about such a course have been with the effects of the change on the accuracy and currency of the social security earnings records. It is important, of course, that these records be both accurate and current because they are used as a basis for determining benefit rights and amounts of benefits to which individuals are entitled. In addition, the receipt of quarterly reports of earnings enables us to do an effective job of assuring that when individuals in benefit status return to work their benefit payments are reduced or suspended as required by the retirement test provisions of the law.

It is our belief that annual reporting as compared with quarterly reporting would result in less accurate records, particularly for employees of small businesses. Employers on occasion fail to get account numbers of employees, report incorrect account numbers of earnings, and in some instances go out of business without filing the necessary earnings reports. If these errors are not known or detected until after the end of the year in which they occur, the problem of going back and obtaining correct information is made much more difficult.

There are also significant processing problems connected with the proposal for annual reporting. The receipt of annual reports at one time after the close of the year would impose very large peak workloads on the recordkeeping operation and necessitate the costly and inefficient practice of hiring and terminating temporary employees so that the annual reports could be processed within a reasonable time period. Stretching out this processing over a full year, in order to level the workloads and obviate such an undesirable and costly process, would not only adversely affect our administration of the retirement test, but, because of the delay in bringing up to date the individual earnings records, would adversely affect our benefit computation operations and introduce significant additional costs and extra handling of claims.

It is not at all clear that savings to the business community from such a change in social security reporting would be large enough to compensate for the additional cost to the Government and for the increased inaccuracy in the records. About three-fourths of the States still require quarterly reporting for unemployment compensation purposes and in many instances the employers are able to use a carbon copy of the 941-A as a basis for the unemployment compensation report-

ing. Unless these States revise their unemployment compensation programs, there probably will be very little savings to the employers involved.

Moreover, the elimination of the form 941-A will not reduce the need for employers to account periodically within the year for the Federal income tax and social security contributions withheld from employee wages. Since doing this would require the employer to analyze his payroll, the additional work involved in listing his employees' earnings would be rather small. Most large employers use some kind of mechanized equipment in their payroll operations and the listing of the 941-A's is a byproduct of their regular payroll processes.

In summary, we believe that the savings to the business community from such a change in social security reporting will not be as large as has been suggested by advocates of the proposal and that there are significant disadvantages to the Government in making a change to annual reporting.

Sincerely yours,

ROBERT M. BALL,
Commissioner of Social Security.

D. THE DEPARTMENT OF LABOR

The principal reporting systems of the Department of Labor may be classified administratively under four primary agencies: the Bureau of Labor Statistics (BLS), the Manpower Administration which includes the Bureau of Employment Security (BES), the Labor-Management Services Administration (LMSA) and the Wage and Hour and Public Contracts Divisions (WHPC).

The small businessman confronts the Department of Labor reporting systems in any number of ways, principally through: the large-scale unemployment compensation wage reporting system which the BES administers in cooperation with most of the 50 States; the voluntary reporting systems for employment, payrolls, man-hours, turnover, occupations, wages, and accidents, and the wholesale-retail prices and consumer expenditure surveys of the Bureau of Labor Statistics; the employee welfare or pension benefit reports of LMSA; and the minimum wage and hours of work inquiries conducted by the WHPC. Most of the Department of Labor's reporting depends upon the voluntary cooperation of businessmen but some of the reports (notably pension plans and some wage and hour reports) are compulsory.

1. Interagency cooperation

Department of Labor representatives reported to the committee that largely as a result of the House inquiry in 1965, a comprehensive review of all reporting systems in the Department had been undertaken. Since the Department relies heavily upon voluntary cooperation to obtain much of its information, special efforts have been made, through public advisory committees and direct contacts, to acquaint business firms with the purposes of and need for the various reporting

systems. They also reported that, increasingly the BLS has depended upon other agencies for basic statistical data, as follows:

1. The Bureau of the Census regularly conducts the monthly current population survey of households which provides BLS with employment, unemployment, and related labor force information for the United States as a whole, and for the major regions.
2. In the labor productivity program no original data collection is performed. Instead, use is made of statistics compiled by the Bureau of the Census, Office of Business Economics, Bureau of Mines, Bureau of Public Roads, and by other agencies, particularly with regard to production and national product.
3. The system of weights for the Wholesale Price Index comes from other Government sources—Bureau of Census, Bureau of Mines, Department of Agriculture, and others. Decennial censuses of population provide the foundation for the city weights in the Consumer Price Index. The regular censuses of retail trade provide the sampling frame and the weighting system for the retail outlet sample for pricing. The monthly prices for some important areas in the two indexes are collected regularly by other agencies, the Department of Agriculture, Federal Power Commission, Federal Home Loan Bank Board, Federal Housing Administration, etc.²⁶

It was also pointed out to the Committee that there was an increasing outflow of information from the Department to other agencies:

1. BLS retail food prices are the basis for the Department of Agriculture margin studies. BLS also regularly collects retail prices for the Department of Agriculture for additional foods not regularly priced by BLS.
2. The monthly employment, hours, and earnings statistics published by BLS are used by the Federal Reserve Board in the computation of the current FRB index of industrial production, and by the Office of Business Economics in computing the current national income accounts statistics. The local area employment statistics are used by State agencies in estimating the size of the labor force in each metropolitan area, for use in computing the unemployment rate. The earnings statistics are used by the Navy Department to escalate labor costs in long-term purchase contracts.
3. Several States utilize BLS data on work stoppages in lieu of conducting their own surveys.
4. The BLS performs various surveys under contract, including special scientific manpower studies for the National Science Foundation and special price, wage, and manpower studies for the Defense agencies. Surveys are also performed for other bureaus of the Department of Labor, including, for example, studies for wage and hour and public contracts on the impact of new minimum wage standards.

²⁶ Letter to Chairman Smathers, from Assistant Secretary of Labor for Administration, Jan. 17, 1968.

The Bureau of Employment Security in the Manpower Administration provides employment and payroll data to the Office of Business Economics, Department of Commerce, for use in making their personal income estimates and to the Council of Economic Advisers for use in their series on economic indicators. They also provide benefit payment data to the Council of Economic Advisers and to HEW for inclusion in their statistics on social insurance payments.²⁷

2. Federal-State cooperation

The Department of Labor has played a commendable part in the development of Federal-State cooperative programs principally in the BLS employment, hours, and earnings reports and the BES' unemployment compensation collection system. As reported to the committee:

1. BLS

BLS has sponsored joint local-Federal sharing of statistical information for many years. In a cooperative employment statistics program, each State collects monthly information on employment, hours, earnings, and labor turnover from establishments in its State and transmits this information to BLS. BLS does not duplicate the data collection activity, but works very closely with the States in setting standards and by surveillance, checks observance of these standards. Fifteen States cooperate with BLS in collecting information on work injury statistics and transmit the data to BLS. If new States wish to establish such programs, they have been invited to participate with BLS in a joint program. Joint collection programs have been established, in a few instances, for price and wage data.

2. Manpower administration

Federal-State relationships within the Manpower Administration have been so developed that as a general rule a single reporting system serves local, State, and National purposes. This is especially true for most activities of the Employment Service and the Bureau of Apprenticeship and Training. For some of the newly developed work and training programs under the Economic Opportunity Act, arrangements are being made for more widespread distribution to State and local agencies for centrally tabulated data which are of local and State interest for management and information purposes.²⁸

3. Needed improvements

Although the Department of Labor appears to have made commendable progress in a number of reporting programs, as detailed above, this committee feels that there is room for considerable improvement. It must be remembered that although Federal programs may be organized under various titles, authorities, and administrations, and, to a considerable extent, operate independently of each

²⁷ Ibid.

²⁸ According to one "hard-core" unemployment contractor: "The reporting requirements, paper work, audit requirements, periodic visit requirements under contracts with the Government are horrendous." U.S. News & World Report, Aug. 12, 1968, p. 51.

other, the business community is the sole supplier of data for most of them. Thus, the small businessman may report monthly to the Bureau of Labor Statistics concerning his employees, payrolls, and man-hours; quarterly to the State unemployment compensation commission concerning his employment, wages, and contributions, under the Federal Bureau of Employment Security System, and quarterly to the Social Security Administration for employment, occupation, earnings, and withholdings under the old-age and survivors insurance program. In addition to these periodic reports, he may also be required to furnish special reports about pension plans under the Labor-Management Services (LMSA) program and special minimum wage and hours of work reports to the Wage and Hour and Public Contracts (WHPC) Division. He may also be requested to report to both Federal and State agencies on such matters as labor turnover, work injuries, hours of work, occupational earnings, and related information.

It will be noted that all of the above reporting systems are concerned with the wage earner and the characteristics and conditions of his employment. It will be noted also that business firms (not the employee) furnish all of the required or requested information to the Federal or State government agency. The fact that only some of the reporting is required by law while other reports are voluntary is often cited in defense of the present system. But small businessmen have told congressional committees that when a Federal questionnaire arrives in the mail, they feel that they "had better report" in any case. Moreover, failure to report, even in a voluntary survey, usually results in several followup requests by mail and sometimes, by telegram.

There is no doubt that the Federal and State agencies have been "mining" the records of business firms with but little concern about the cost involved or inconveniences caused by their many requests. Although, as stated elsewhere,²⁹ the large business firm can easily live with the present situation, a real hardship is worked upon the small "mom and pop" store and similar enterprises. As stated to one committee:

We can't hire a boy to come in and sweep the floor under the present "registration" system because it involves so much [paper] work that it doesn't warrant the assistance we would get.³⁰

4. Unemployment insurance reports

As indicated above, the largest paperwork activity by far, of the Department of Labor is the BES quarterly wage reporting system for unemployment insurance. Although this reporting program is administered by the States, it is funded by the Federal Government "as necessary for the proper and efficient administration of the State's law." At present, 37 States require the quarterly wage report from employers, whereas 11 (eleven) States have gone over to a much simpler "request reporting" system which requires wage records only when unemployment compensation claims are filed. Two States, Maine and Washington, are on an annual reporting basis.

²⁹ See above, p. 18.

³⁰ See 1964 hearings, House Subcommittee on Census and Statistics, p. 75.

The pros and cons of wage reporting as against "request" reporting are set forth in excellent detail in the following letters exchanged recently between Chairman Smathers of the Committee and the Assistant Secretary for Administration, Department of Labor:

JULY 18, 1968.

Mr. LEO R. WERTS,
Assistant Secretary for Administration, U.S. Department of Labor,
Washington, D.C.

DEAR MR. SECRETARY: This will refer to earlier exchanges between the Department and this committee concerning reports and statistics and particularly the information contained in Mr. Arthur Braver's letter of January 17 last. We are most grateful for the information supplied to us.

In completing the committee's record for the 90th Congress, we find that we require additional information concerning the following:

According to our information, 13 States no longer require quarterly UI wage records and their experience to date shows that benefits are usually paid as promptly as in those States under the wage-record system.

(1) Why, then, does the Manpower Administration continue to fund the costly quarterly wage-record system in 37 States, especially since it is not required by Federal statute?

(2) Is Department policy directed toward maintaining the quarterly wage-record system; if so why? And why not annually?

(3) If these quarterly data are used for statistical purposes only (labor market surveys, etc.) I am sure you would agree that information could be obtained at much less cost than the present costly and cumbersome system. Has the Department looked into this possibility?

(4) The Social Security Administration now supplies quarterly employment and earnings data (from a 1 percent sample) to both BLS and BES. What use do they make of these data? What would be the effect on their programs if the IRS-SSA quarterly earnings reporting system were converted to an annual basis?

Our interest in the above matters, as you know, arises from the fact that the small business community is more critical of the Federal IRS-SSA quarterly earnings and the State UI quarterly wage reports than of any other reporting systems. Both of these reports are not only time consuming and costly to prepare, but, to date, we have not been able to assure small businessmen that both or either of these quarterly reports is absolutely essential.

I shall appreciate your looking into the above matters for us. Knowing of your fine record in the Department of Labor in administrative management, I am sure you will want to give this situation your personal attention. Could we have your comments before August 1, next.

With kindest personal regards, I am,
Sincerely yours,

GEORGE A. SMATHERS,
Chairman.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION,
Washington, August 1, 1968.

Hon. GEORGE A. SMATHERS,
Chairman, Select Committee on Small Business,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you requested in your letter of July 18, 1968, I am pleased to comment further on the pros and cons of quarterly wage reporting as compared with alternative methods of obtaining data for administering unemployment insurance. The States have tried a number of alternatives, and while most of them have settled on the quarterly wage reporting system, there is much to be said on both sides of the question.

Your first question asks "Why the Manpower Administration continues to fund the costly quarterly wage-record system in 37 States, especially since it is not required by Federal statute?"

As I see it, we are governed in this matter by the Federal requirement to grant funds as necessary for the proper and efficient administration of the State's law. The States have complete discretion as to the content of the law and the methods of administration except where Federal requirements or controls are applicable. We find no basis for denying grants to a State for the operation of a quarterly reporting system.

The main alternative to quarterly reporting is to request reports from employers when claims are filed. This involves individual handling at a far higher unit cost than the mass quarterly wage reports. Cost comparisons between the two methods are inconclusive. With the present low volume of claims, most of the States which use request reporting can apparently procure the required data and determine benefit entitlement at less than the average cost. (With the variety of differing cost influences among States, however, we cannot assert that this result is due to the request reporting method.) If unemployment were to rise appreciably, this apparent cost advantage could quickly be reversed. Costs of processing individual reports are roughly proportionate to the volume of claims, and there is little prospect for large volume economies through automation of procedures. Processing of quarterly mass wage reports on the other hand involves a relatively constant cost which will not increase with a rise in claims. The method lends itself readily to automatic data-processing systems. Great progress has been made by the States, and will continue to be made, in the automation of wage reporting.

We recognize that this does not take account of the costs to the employer in preparing quarterly wage reports. It appears, however that employers are susceptible to some of the same cost factors as are the State agencies. That is to say, reports prepared on an individual request basis will represent a much higher unit cost than reports prepared on a quarterly routine. With many employers using data-processing equipment (including many small employers who patronize centralized service agencies), the employers' costs of preparing quarterly wage lists may be expected to decline. There is a current trend for the small businessman to contract out his data-processing and reporting requirements.

In answer to the second question, the Department of Labor does not have a policy favoring quarterly reporting over request reporting. The State's choice of systems involves considerations of program objectives as well as administrative costs.

Generally speaking, the timelag between the computation of an individual's benefits and the base period experience used for that computation should be as short as possible to avoid awarding or denying benefits, based on some remote past experience. On this point, the request reporting systems hold an advantage in virtually eliminating this timelag. The annual reporting system that some States formerly used caused an excessive timelag which ranged up to 15 months. The quarterly reporting system involves a more tolerable timelag, usually between 3 and 6 months.

Request reporting systems have some apparent advantages in the scope of information procurable. For purposes of determining unemployment insurance benefits, weeks of employment and weekly earnings are generally a better measure of a man's weekly earning power than quarterly wages, and, of course, quarterly wages are a better measure than annual wages. Weekly measures are commonly used in the request reporting States. Only two States—Florida and Oregon—have undertaken to obtain data on weeks of employment through the mass quarterly wage reporting method.

As you pointed out, the States using request reporting systems generally pay as promptly as those using the wage record system. In order to achieve such prompt payment, however, these States must often determine benefits on the basis of the worker's affidavit as to his past employment and earnings. This may be necessary when his former employer has gone out of business or is simply dilatory or negligent in complying with the reporting requirements. There is some evidence of an increase in frequency of the use of claimants' statements. This is an undesirable but necessary expedient under the request reporting system.

The quarterly reporting system has some value for the validation of the employer's report of wages and payroll taxes. That is to say, the quarterly tax returns are supported by a list of individuals' wages making up the employer's total payroll. Thus, an employer who incorrectly reports wages which were not actually paid would sustain an added tax liability. Conversely, if the employer underreports wages earned by his employees, the omission will subsequently come to light if the employee becomes unemployed and initiates a claim. Under the request reporting system, there is no relation between wages reported by the employer for individual unemployed workers and the total wages reported for tax purposes. Studies conducted by some of the request reporting States have shown a rate of error in employers' wage reports that has prompted them to enlarge their auditing program.

In view of all these considerations, we find no compelling advantage of one method over the other and our policy is to assist each State in the effective operation of the method of its choice.

With reference to the third question, the quarterly reports are indeed useful for statistical purposes, but we have never tried to dissuade a State from going to request reporting for the sake of statistical values in quarterly wage reports. However, quarterly reports are not used for statistical purposes only.

With reference to the fourth question, the Department of Labor furnishes each State a copy of the 1-percent sample pertaining to that State for research and statistical analysis, including comparisons between State unemployment insurance and Social Security Act coverage and studies of individual employment and earnings records in relation to unemployment benefits received.

The substitution of an annual IRS-SSA report in place of the present quarterly system would probably encourage the States to amend their laws to permit annual reporting or, preferably, to shift to a request reporting basis. State unemployment insurance benefit formulas based only on total annual wages would be an undesirable development, however, and Federal legislation might become necessary to insure the determination of equitable benefit amounts.

The Bureau of Labor Statistics has used quarterly social security data in its analytical work on special projects, particularly for seasonal industries such as construction. However, this specific type of analysis does not constitute a large part of its activities. Although it is desirable to have the quarterly social security data available, it is not crucial to this program.

The Bureau of Labor Statistics also uses the information on quarters of earnings of individuals, contained in the Social Security Administration's 1-percent continuous work history sample, as one of the few available sources of information on annual earnings by industry from wage and salary data. The quarterly data provides a measure of the attachment of an individual to the work force and the degree of attachment to the worker's major industry. For this program the frequency of reporting is immaterial provided that the reporting scheme continues to produce data on annual earnings by quarters worked.

Finally, we appreciate the fact that the unemployment insurance program places a reporting burden on employers, whatever method the State may choose. The quarterly report is not absolutely essential for unemployment insurance administration, but we have not yet come up with a satisfactory alternative.

The Department of Labor does not, of course, have direct contacts with employers in this program, but we know that some of the States have encountered significant reactions from their employers on the questions at issue here. In the State of Maine, which has had request reporting procedures in recent years, the legislature provided last April that employers be given an option to furnish wage data on quarterly reports in lieu of having to respond to individual wage requests. Almost immediately, about 700 employers representing 80 percent of total covered employment in the State accepted the option to report quarterly. This was undoubtedly influenced by the continuing requirement to report to IRS-SSA.

The Florida agency recently concluded an extensive survey of employers' preferences regarding quarterly reporting or request reporting. From this survey the agency determined that its present quarterly reporting system should be maintained. Some of the larger employers pointed out that during mass layoffs, seasonal shutdowns, or strike situations, they would need to maintain an office staff to complete the requested wage reports, but under the quarterly reporting system, this is not necessary.

The issues here are indeed complex, and it is regrettable that the Federal Government has not made any significant progress in reducing the reporting burden on small businessmen. Various attempts have been made to improve the administration of our unemployment insurance programs since the initial recommendations of the Hoover Commission, and it is hoped that your committee may be able to shed some additional light in an area that most administrators acknowledge requires betterment.

Sincerely yours,

LEO R. WERTS,
Assistant Secretary for Administration.

E. INTERNAL REVENUE SERVICE

It has been estimated that about 35 percent of all Federal reports and paperwork involving the general public is generated by the Internal Revenue Service alone. Although the form IRS-1040 (over 60 million annual returns) is probably the best known of all Federal reports, it is dwarfed by the familiar IRS-W2 (withholding statement) and the U.S. information return (form 1099) each of which involves more than 100 million responses annually. For our purposes, to these must be added the IRS-941—the employer's quarterly Federal tax return—which now involves some 16 million reports annually and its attachment, the controversial IRS-941A, discussed above under the reporting system of the Social Security Administration. Of special interest to small businessmen, particularly to the operators of supermarkets, drugstores, and jewelry shops, are the burdensome and costly IRS-720 forms for reporting quarterly excise taxes.

As stated above, the Internal Revenue Service reporting system is specifically exempted from the Federal Reports Act of 1942 and, as a result, the Bureau of the Budget exercises neither control over nor restraint on this, the largest source of all Federal paperwork. It is not clear, at this date, why Congress in 1942 excluded the tax and banking agencies from coverage under the Federal Reports Act. Certainly, the development of an enormous and autonomous reporting system was not foreseen, nor at that time, could the wealth of economic and statistical data generated routinely in the administration of the Federal tax laws have been fully appreciated.³¹ Now that the Federal tax reporting system has been largely automated, the computerized IRS business and individual income and earnings data can be made to serve where formerly census and census-type inquiries were needed in order to collect similar (and often, less satisfactory) information. The increasing use of IRS administrative records in the 1963 and 1967 economic censuses was described above.³² It is worth repeating here, however, that every report that the Census Bureau or any other statistical agency can eliminate by using administrative records in fullest confidence means one less report for the small businessman to file.

³¹ For the Treasury Department's position at the time, see "Small Business Problems," *op. cit.*, p. 49.

³² See above, p. 16.

1. *Tax purposes only*

There is some reluctance on the part of IRS officials to lend their support to increased statistical use of the tax reporting system. Over the years, the Internal Revenue Service has held that information requested on the various income tax forms, "should be limited to that needed for tax determination." The IRS position was explained to the Committee, as follows:³³

While recognizing the need for certain statistical data, the Service has maintained that such data should be a byproduct from returns and not the basis for additions to them.

Requests for information not germane to tax determination have indeed been a source of irritation to taxpayers. Thus it is fair to say that our constant effort to keep compliance burdens at a minimum has been a very substantial factor in the consideration of proposals to require statistical data per se in tax returns.

The question of increased costs of printing and handling return forms, attributable to expanded statistical data requirements, has not really been encountered. The limited statistical or nontax related questions the Service has added to certain returns in cooperation with other Government agencies, principally the Bureau of the Census, have not been significant from the standpoint of cost. However, since space availability is a critical problem on almost all returns, cost factors would be of the utmost importance if, for example, a page or pages were to be added to returns for the entry of statistical data.

Regarding the possible reporting of nontax business data at the time returns are prepared, several difficulties are apparent. One of these stems from the already tight schedules which face tax practitioners during the period for filing returns. Many practitioners are already pressed to complete their client's returns by the filing date. Thus to add detail to returns which would make preparation more burdensome would only aggravate the situation.

Another possible difficulty if tax returns should be expanded so as to serve as general statistical reports is that many, if not a majority, of the statistical and informational reports now used by the various agencies are voluntary as far as the business enterprise is concerned. Thus any attempted fusion of this type of reporting would be troublesome and awkward.

Overall Government cost savings through general statistical reporting on tax returns seem doubtful. The preparation of return forms containing statistical portions appropriate to diverse industries and accounting methodologies would present an almost impossible task. In any event, the varying statistical needs of the various Government agencies would require full participation by their personnel in the develop-

³³ Letter to Chairman Smathers from James N. Kensel, Chairman, Tax Forms Coordinating Committee, IRS, Jan. 17, 1968.

ment of forms. Likewise, Internal Revenue Service personnel would lack the expertise necessary to assist taxpayers in completing specialized statistical forms or schedules.

2. Needed reforms

While understanding of the internal IRS difficulties mentioned above, this committee feels that, to some extent, the agency "doth protest too much." It has been pointed out by other congressional committees that, so far as tax reporting is concerned, the IRS may be overzealous in the number of reports and infinite detail required of business firms and individuals, especially since the computerization of the tax reporting system has permitted a greatly increased flow of paperwork in the "self-assessment" income tax system. As remarked by a former chairman of the House Appropriations Subcommittee on the Treasury Department:

You can spend more on a tax return than is necessary with the result that the additional revenue added to the rolls does not justify the expenditures or the efforts to discover it.³⁴

Here again, as in the case of the Department of Labor, we see the development of a large-scale and essentially autonomous reporting system which is uniquely designed to meet the information requirements of a single agency, but again depends upon the business firm and individuals to supply the information requested. The fact that the IRS and the regulatory agencies are "outside" the regular reporting universe as defined by the Federal Reports Act, may explain, to some extent, why our tax reporting system has been permitted to develop in a vacuum, and, surely, the same "practitioners" or accountants, who laboriously file the income, earnings, withholdings, excise, and other tax reports along with the numerous "statistical" reports of the other Federal agencies, may well ask: "Why don't those agencies get together on what they need and want?"

The former Commissioner of Internal Revenue, Mortimer M. Caplin, has proposed that the present income tax reporting system be considerably simplified by the wholesale elimination of deductions, exclusions, and various tax gadgets and gimmicks, with a compensatory adjustment of rates. A similar proposal was put forward by Senator Russell B. Long of this committee in an unsuccessful amendment to the 1964 Revenue Act which would have provided an alternative means of computation for high-income taxpayers whereby the top tax rates would have been reduced if most deductions and exclusions were waived. Another proposal put forward calls for a reduction and simplification of the IRS-1040 to "a post card or do-it-yourself tabulated card" so that the form would become a "relatively painless document."³⁵

Since a major tax reform study is now underway in the Treasury Department and administration proposals for tax reform will be sent to the 91st Congress, it is hoped that an overall simplification of present burdensome tax reporting will result. This committee, on behalf of the small business community, will continue its vigilance in these matters and plans to make recommendations to the pertinent legislative committees.

³⁴ See Congressional Record, Feb. 6, 1964, p. 91855.

³⁵ See hearings, *op. cit.*, House Post Office and Civil Service Committee, p. 252.

3. *Federal-State cooperation*

The Internal Revenue Service is to be commended for what some experts consider to be a real "breakthrough" in Federal-State cooperation in income tax reporting. The IRS has vigorously pursued this program which involves the exchange of tax information with authorities in some 40 cooperating States. What began, largely from State-agency initiative, as a program to provide more information concerning taxable sources of income for State assessment officers, has resulted in bringing the Federal-State tax reporting systems somewhat closer together in terms of coverage, definitions, exemptions, etc. In some States, the total income declared for Federal tax return purposes is the starting point for the State tax returns, thereby saving the taxpayer the man-hours involved in keeping two complete sets of records. In effect, the State return "piggybacks" the Federal return in the cooperating States.

A second cooperative program with the States involves the advance notice from IRS concerning future changes to be made in the Federal income tax form and instruction sheets so that the State forms and enforcement programs can be adjusted to the Federal and administered as a prototype of it.

F. THE NATIONAL ARCHIVES AND RECORDS SERVICE (NARS)

Any discussion of Federal reports, statistics, and paperwork must include the activities of the National Archives and Records Service of the General Services Administration. The Federal Records Act (44 U.S.C. 391-396) signed by President Truman on September 5, 1950, authorized a comprehensive paperwork management program to be established for the purposes of controlling the "creation and maintenance of records" as well as their "retirement and disposition." Although, as indicated, the program is concerned principally with the internal records and paperwork of the Federal agencies, it must be clear that the paperwork management practices of the agencies are of considerable concern to business firms and individuals who supply information to them. Under the act, central staff responsibility for the Federal records program is vested in the General Services Administration which is charged with developing and improving standards, procedures and techniques for the creation of new records, the organization and maintenance of current records, and the disposition of old and obsolete records. The GSA assigned responsibility to NARS for the establishment and operation of the Federal records centers (including the National Archives) and for surveys, audits, and studies of paperwork management in the agencies, including a program of technical assistance, as requested.

1. *Federal paperwork and automation*

Currently, some idea of the dimensions of the Federal paperwork load may be gathered from the fact that 4.5 million cubic feet of records are filed each year. According to a GSA estimate, this figure is equivalent to about 10 billion pieces of 8- by 10½-inch typing paper. Of this total, some 20 percent or some 810,000 cubic feet are of "financial or statistical nature," as defined by GSA, most of which are now fully automated. Overall, however, only one-fourth of the Federal records

have been automated, to date, a fact which must be given first consideration in the proposals for a National Data Center.³⁶

Until recently, most Federal automation applications have been in the areas of finance, payrolls, property accounting and "high volume" statistics. In the last year or so, efforts have been directed toward bringing more of the administrative records within automation technology in such areas as health and communicable diseases, welfare assistance, and police activities. But, three-fourths of the current Federal records still remain to be automated and further progress will probably be slow because of the great initial costs which automation entails and the fact that employee dislocation becomes a more difficult problem as the relative percentage of automation grows.³⁷ Moreover, it is estimated that some 10 to 15 percent of the records will never be automated simply because it may not be economical to do so.

2. The cost of paperwork

It has been said that the cost of paperwork is greatest when measured in terms of irritations and frustrations and many a taxpayer will agree. In dollars and cents, according to the GSA, the Government's bill for creating, processing, filing, and storing Federal records of all kinds, including correspondence, now exceeds \$8 billion a year. This figure refers to Government costs alone and does not include the costs of businessmen and individuals who are on the receiving end of this paper network. In 1965, a House committee estimated the "public" cost of Federal paperwork at \$20 billion. Since this figure represents only 2½ times the 1967 Federal costs, it may be on the conservative side. A Federal tax or statistical form or letter may involve days and even weeks of a respondent's time, especially if detailed recordkeeping is required.

According to the General Services Administration, the \$8 billion annual Federal paperwork costs are detailed as follows:

	<i>Billions</i>
Total paperwork costs.....	\$8.0405
Correspondence.....	1.500
Forms.....	1.000
Directives.....	1.040
Reports.....	1.300
Input and ADP.....	0.550
Mail (mailroom, messenger, POD) ¹	0.328
Vital records.....	0.0005
Filing and controlling records.....	1.785
Paperwork procedures (other processing).....	0.500
Records space (office and FRC) ²	0.037

¹ Post Office Department.

² Federal Records Center.

3. Paperwork management

In a special report prepared at the request of the committee by the National Archives and Record Service, the real benefits to be obtained from improved paperwork management and research in the Government's \$8 billion paperwork "industry" were summarized briefly, as follows:

Despite the efforts now being expended in simplifying paperwork, much more could and should be done. For example, no regular research program has ever been au-

³⁶ See above, p. 12.

³⁷ Cost could range from \$5 to \$15 billion, according to GSA.

thorized for paperwork management needs. Research programs in the Federal Government cover a great many things, some of which could be categorized as theoretical probes of very little direct practical application. On the other hand, such practical needs as standard technology for reducing substantive processing steps to machine-readable codes, to show managers the break-even points when comparing manual applications with automation applications in such significant fields as letterwriting, statistical analysis, reviews of routine applications, etc., have no research effort authorized for them. Also, the more substantive, though less routine needs of our Federal managers for data to be used in the management decision process, have never been scientifically studied. There is an abundant amount of data to be used, and situations suitable for testing conclusions developed during research efforts, but no resources for fundamental research are available. More and more, as can be seen from the progress of the paperwork management program to date, especially during the last 2 years, a significant technology to control and improve our paperwork has been developed. A cost of \$8 billion is worthy of our attention. The greater costs in delay and frustration demand our most effective efforts. From such a good beginning, much can be expected.³⁸

³⁸ From a report prepared for the committee by Dr. Chester L. Guthrie, acting assistant archivist for Records Management, NARS, July 23, 1968.

III. SUMMARY AND CONCLUSIONS

The small businessman is deeply concerned about the ever-increasing paperwork burden placed upon him by Federal, State, and local government agencies. Not only does he resent the cost in dollars and man-hours involved in supplying information to public agencies, but he questions, and often with good reason, the need for the countless official forms, schedules, and questionnaires which arrive with the morning mail. He questions, for instance, why he must report similar information to several Federal agencies and identical information to a Federal and to a State agency. He wonders why his tax forms are so difficult and complicated that he must hire an accountant or practitioner to prepare his returns. He wonders, also, in some cases, if all of this expense isn't slowly but relentlessly driving him to the wall.

As pointed out in the pages of this interim report, this committee has had a long-term interest in the reporting requirements placed upon businessmen by the Federal agencies, going back to the Federal Reports Act of 1942, which was largely based upon the recommendations of our parent committee. It is sad to have to report, therefore, that the high hopes held out earlier for "the policy of the Congress that information which may be needed by the various Federal agencies should be obtained with a minimum burden upon business enterprises (especially small business enterprises)"¹ have not been realized. On the contrary, the past 25 years have seen the greatest paperwork expansion in history reflecting the Nation's increasing involvement with social programs of all kinds and the extension of our "self-assessment" tax reporting system into almost every facet of our viable existence. Much of this recordkeeping is necessary; in fact, the Congress is often the first to request it, and this committee has no argument with the essential reporting and statistics which Federal agencies require to discharge their statutory obligations and conduct their affairs. But, as pointed out in this report, highly qualified experts describe the present reporting system as "inadequate and inefficient," thereby supporting the findings of this and other committees of Congress and validating, to a large degree, the thousands of complaints received each year by Members of Congress from business firms and individuals.

As for State and local government reporting, we can no longer close our eyes to the fact that it has become equally burdensome with the Federal system, as States and local governments collect more and more data under programs funded totally or in part from the Federal budget.² Some of the Federal-State cooperative under-

¹ Federal Reports Act, sec. 2.

² See "Federal-State-Local Cooperative Arrangements in Statistics," working paper prepared for the National Conference on Comparative Statistics, Bureau of the Budget, February 1966.

takings in data collection and compilation have been highly successful, as reported in these pages, but for the most part, these have been single agency endeavors undertaken without the full weight and resources of the Federal and State administrations behind them and much remains to be done in broadening and strengthening Federal-State-local government cooperative programs.

Thus, we have come to the crossroads and in view of the wide consensus from almost all sectors involved in the massive reporting and statistical system, it is time for plotting new directions. That the problem is urgent and critical is evidenced by the growing concern of many both in and out of government relating to the protection afforded confidential reports and the alleged invasions of privacy by administrators charged with keeping public confidence. It is apparent also in recent attacks upon the population census as reported in the pages of the Congressional Record.³

The signposts are there for all, who will, to read and they tell us that if we do not act soon to correct the abuses and evils in the present system, we may find that we have no system at all—that our traditional wellsprings of information, the business firm and the individual, have begun to dry up on us. We could conceivably find ourselves condemned to repeating the experience of some other nations, where routinely two sets of records are kept, one for conducting the business and the second for supplying information to the Government.

CONCLUSIONS

What do we conclude from the findings of this interim report? What can be said now that hasn't been said before in the numerous studies, evaluations, hearings, speeches, reviews, and reports made by both public and private groups and persons over the past 25 years?

The committee concludes that:

(1) We cannot afford to continue any longer under the present "highly decentralized and loosely coordinated" reporting and statistical system with its institutional approaches and bureaucratic decision-making processes which give but little consideration to the total reporting burden placed upon respondents.

(2) Since our decentralized system has brought us to the present crisis, it is evident that we must move now toward a greater concentration and integration of data collecting and processing activities especially those of the so-called general purpose statistical agencies. Whether or not this concentration would lead eventually to a National Data Center is a matter for considerably greater study and evaluation. For the present, as stated earlier, this committee supports a "deliberate program of combining data from diverse sources," both administrative records and statistical source materials, as a first step toward integration.

(3) New legislation is needed to strengthen the intent and purposes of the Federal Reports Act of 1942 and to bring all data collecting and compiling agencies under its coverage. For too long, the fiscal, banking, and regulatory agencies have been permitted to operate independently of and often at cross purposes with, the rest of the reporting and statistical system.

³ See "Limit Categories of Questions in Decennial Censuses," hearings before Subcommittee on Census and Statistics, House Post Office and Civil Service Committee, Oct 24, 1967.

(4) A new organizational approach to the administration of the reporting and statistical services is badly needed. Responsibility for control and supervision over \$8 billion records and reports activity of the Federal Government is too large and too important to be delegated to an office in the Bureau of the Budget. In fact, the Office of Statistical Standards of the Bureau of the Budget has directed most of its efforts toward monitoring only a small segment of the Federal reports and records activity—that segment relating to the collection and compilation of statistics. Moreover, not all statistical programs are monitored since fiscal, banking, and regulatory agencies are exempted from coverage of the Federal Reports Act.⁴ In view of this extremely narrow and parochial interpretation of the agency's responsibilities, it is understandable why the system has been described as "inadequate and inefficient."

(5) This committee concurs with the findings of the Kaysen Committee that Congress must look elsewhere than to the Bureau of the Budget for any overall improvement in the Federal reporting system. Interimly, this committee feels that two agencies are best qualified, on the record, to move ahead at the present time: the Bureau of the Census for a program directed toward consolidating and integrating available statistical data at the national level, along lines suggested in this report; and the General Services Administration for an extensive paperwork management research program directed toward reducing and simplifying the flow of reports and records within the Government and from Federal agencies out to the public.

(6) This committee feels that there is need also for consolidating and integrating the many diverse and, to some extent, competing agencies and offices engaged in economic reporting, compilation, analysis, research, model building, and so forth. As reported above, it recommends bringing all these units into a central agency "under or coordinate with" the Council of Economic Advisers.

(7) This committee strongly supports such activities as the National Conference on Comparative Statistics and urges the sponsors to continue their efforts to break down the information barriers which exist between Federal, State and local government agencies and urges the Conference to give special attention to the reporting burden placed upon the small businessman by all of these agencies. Also, as stated earlier, we commend the Federal agencies which have undertaken intergovernmental cooperation programs designed to improve statistical information and data flows.

⁴ Fiscal and banking agencies are specifically exempted under the Act. The regulator agencies have claimed that the Act is not binding upon them.

APPENDIXES

APPENDIX A

FEDERAL REPORTS ACT OF 1942 AND EXECUTIVE ORDER 10253 OF 1951

[Public Law 831—77th Congress]

[Chapter 811—2d Session]

[S. 1666]

AN ACT

To coordinate Federal reporting services, to eliminate duplication and reduce the cost of such services, and to minimize the burdens of furnishing information to Federal agencies

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Reports Act of 1942".

SEC. 2. It is hereby declared to be the policy of the Congress that information which may be needed by the various Federal agencies should be obtained with a minimum burden upon business enterprises (especially small business enterprises) and other persons required to furnish such information, and at a minimum cost to the Government, that all unnecessary duplication of efforts in obtaining such information through the use of reports, questionnaires, and other such methods should be eliminated as rapidly as practicable; and that information collected and tabulated by any Federal agency should insofar as is expedient be tabulated in a manner to maximize the usefulness of the information to other Federal agencies and the public.

SEC. 3. (a) With a view to carrying out the policy of this Act, the Director of the Bureau of the Budget (hereinafter referred to as the "Director") is directed from time to time (1) to investigate the needs of the various Federal agencies for information from business enterprises, from other persons, and from other Federal agencies; (2) to investigate the methods used by such agencies in obtaining such information; and (3) to coordinate as rapidly as possible the information-collecting services of all such agencies with a view to reducing the cost to the Government of obtaining such information and minimizing the burden upon business enterprises and other persons, and utilizing, as far as practicable, the continuing organization, files of information, and existing facilities of the established Federal departments and independent agencies.

(b) If, after any such investigation, the Director is of the opinion that the needs of two or more Federal agencies for information from business enterprises and other persons will be adequately served by a single collecting agency, he shall fix a time and place for a hearing at

which the agencies concerned and any other interested persons shall have an opportunity to present their views. After such hearing, the Director may issue an order designating a collecting agency to obtain such information for any two or more of the agencies concerned, and prescribing (with reference to the collection of such information) the duties and functions of the collecting agency so designated and the Federal agencies for which it is to act as agent. Any such order may be modified from time to time by the Director as circumstances may require, but no such modification shall be made except after investigation and hearing as hereinbefore provided.

(c) While any such order or modified order is in effect, no Federal agency covered by such order shall obtain for itself any information which it is the duty of the collecting agency designated by such order to obtain.

(d) Upon the request of any party having a substantial interest, or upon his own motion, the Director is authorized within his discretion to make a determination as to whether or not the collection of any information by any Federal agency is necessary for the proper performance of the functions of such agency or for any other proper purpose. Before making any such determination, the Director may, within his discretion, give to such agency and to other interested persons an adequate opportunity to be heard or to submit statements in writing. To the extent, if any, that the Director determines the collection of such information by such agency is unnecessary, either because it is not needed for the proper performance of the functions of such agency or because it can be obtained from another Federal agency or for any other reason, such agency shall not thereafter engage in the collection of such information.

(e) For the purposes of this Act, the Director is authorized to require any Federal agency to make available to any other Federal agency any information which it has obtained from any person after the date of enactment of this Act, and all such agencies are directed to cooperate to the fullest practicable extent at all times in making such information available to other such agencies: *Provided*, That the provisions of this Act shall not apply to the obtaining or releasing of information by the Bureau of Internal Revenue, the Comptroller of the Currency, the Bureau of the Public Debt, the Bureau of Accounts, and the Division of Foreign Funds Control of the Treasury Department: *Provided further*, That the provisions of this Act shall not apply to the obtaining by any Federal banks supervisory agency of reports and information from banks as provided or authorized by law and in the proper performance of such agency's functions in its supervisory capacity.

Sec. 4. (a) In the event that any information obtained in confidence by a Federal agency is released by that agency to another Federal agency, all the provisions of law (including penalties) which relate to the unlawful disclosure of any such information shall apply to the officers and employees of the agency to which such information is released to the same extent and in the same manner as such provisions apply to the officers and employees of the agency which originally obtained such information; and the officers and employees of the agency to which the information is released shall in addition be subject to the

same provisions of law (including penalties) relating to the unlawful disclosure of such information as if the information had been collected directly by such agency.

(b) Information obtained by a Federal agency from any person or persons may pursuant to this Act, be released to any other Federal agency only if (1) the information shall be released in the form of statistical totals or summaries; or (2) the information as supplied by persons to a Federal agency shall not, at the time of collection, have been declared by that agency or by any superior authority to be confidential; or (3) the persons supplying the information shall consent to the release of it to a second agency by the agency to which the information was originally supplied; or (4) the Federal agency to which another Federal agency shall release the information has authority to collect the information itself and such authority is supported by legal provision for criminal penalties against persons failing to supply such information.

SEC. 5. No Federal agency shall conduct or sponsor the collection of information, upon identical items, from ten or more persons (other than Federal employees considered as such) unless, in advance of adoption or revision of any plans or forms to be used in such collection,

(a) The agency shall have submitted to the Director such plans or forms, together with copies of such pertinent regulations and other related materials as the Director shall specify; and

(b) The Director shall have stated that he does not disapprove the proposed collection of information.

SEC. 6. The Director is authorized to make such rules and regulations as may be necessary to carry out the provisions of this Act.

SEC. 7. As used in this Act—

(a) The term "Federal agency" means any executive department, commission, independent establishment, corporation owned or controlled by the United States, board, bureau, division, service, office, authority, or administration in the executive branch of the Government; but such terms shall not include the General Accounting Office nor the governments of the District of Columbia and of the Territories and possessions of the United States, and the various subdivisions of such governments.

(b) The term "person" means any individual, partnership, association, corporation, business trust, or legal representative, any organized group of persons, any State or Territorial government or branch thereof, or any political subdivision of any State or Territory or any branch of any such political subdivision.

(c) The term "information" means facts obtained or solicited by the use of written report forms, application forms, schedules, questionnaires, or other similar methods calling either (1) for answers to identical questions from ten or more persons other than agencies, instrumentalities, or employees of the United States or (2) for answers to questions from agencies, instrumentalities, or employees of the United States which are to be used for statistical compilations of general public interest.

SEC. 8. Any person failing to furnish information required by any such agency shall be subject to such penalties as are specifically prescribed by law, and no other penalty shall be imposed either by way

of fine or imprisonment or by the withdrawal or denial of any right, privilege, priority, allotment, or immunity, except when the right, privilege, priority, allotment, or immunity, is legally conditioned on facts which would be revealed by the information requested.

SEC. 9. There are hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this Act.

Approved, December 24, 1942.

EXECUTIVE ORDER 10253

PROVIDING FOR THE IMPROVEMENTS OF THE WORK OF FEDERAL EXECUTIVE AGENCIES WITH RESPECT TO STATISTICAL INFORMATION

By virtue of the authority vested in me by Section 103 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 18b), and as President of the United States, and in order to carry out the purposes of said section, it is hereby ordered as follows:

SECTION 1. The Director of the Bureau of the Budget (hereinafter referred to as the Director) shall develop programs, and issue regulations and orders, for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies in the executive branch of the Federal Government.

SEC. 2. In order to carry out the provisions of section 1 of this order, the Director shall maintain a continuing study for the improvement of the statistical work of the agencies in the executive branch of the Federal Government with a view to obtaining the maximum benefit from the funds and facilities available for such work, giving due consideration to the constantly changing character of the various needs for statistical information both within and without the Government, and where the statistical work is primarily concerned with operating programs, giving due consideration to administrative needs, statutory requirements, and the needs involved in the development of administrative and legislative recommendations. The Director, either upon his own initiative or upon the request of any such agency, shall (a) provide for the interchange of information calculated to improve statistical work, (b) make appropriate arrangements for improving statistical work involving relationships between two or more agencies, and (c) assist the agencies, by other means, to improve their statistical work.

SEC. 3. The following shall be included among the objectives sought in carrying out the provisions of section 1 hereof:

(a) To achieve an adequate program of statistical work in the agencies of the executive branch, in relation to over-all needs for statistical information, including the filling of gaps and overcoming of weaknesses in presently available statistical information.

(b) To achieve the most effective use of resources available for statistical work by the agencies, in relation to over-all needs.

(c) To minimize the burden upon those furnishing statistical data needed by the various Federal agencies.

(d) To improve the reliability and timeliness of statistical information.

(e) To achieve maximum comparability among the several statistical series and studies.

(f) To improve the presentation of statistical information and of explanations regarding the sources and reliability of such information, and regarding the limitations on the uses that can appropriately be made of it.

SEC. 4. Regulations and orders issued pursuant to Section 1 hereof shall be signed by the Director. When so signed, such regulations and orders shall require no further approval and shall be adhered to by all agencies in the executive branch. Any such regulation or order may pertain to a single agency, a group of agencies, or all agencies in the executive branch.

SEC. 5. In the development of programs and the preparation of regulations and orders for issuance pursuant to Section 1 hereof, the Director shall consult Federal agencies whose activities will be substantially affected, and may consult non-Federal groups to the extent he finds it necessary to carry out the purposes of this order.

SEC. 6. The authority outlined in this order is in addition to and not in substitution for the existing authority of the Director, or of the Bureau of the Budget, with respect to statistical and reporting activities. To the extent, however, that this order conflicts with any previous Executive order affecting statistical or reporting activities, the provisions of this order shall control.

SEC. 7. Nothing in this Executive order shall be construed to apply to the obtaining or releasing of information by the Bureau of Internal Revenue, the Comptroller of the Currency, the Bureau of the Public Debt, the Bureau of Accounts, and the Division of Foreign Assets Control of the Treasury Department, or to the obtaining by any Federal bank supervisory agency of reports and information from banks as provided or authorized by law and in the proper performance of such agency's functions in its supervisory capacity.

HARRY S. TRUMAN.

THE WHITE HOUSE, *June 11, 1951.*

APPENDIX B

(Prepared by the Bureau of the Budget)

TABLE 1.—OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS BY BROAD SUBJECT AREAS

[In millions of dollars]

Program	Fiscal years										
	1969 estimated	1968 estimated	1967	1966	1965	1964	1963	1962	1961	1960	1959
Grand total.....	158.4	140.7	122.7	107.5	110.0	93.5	82.4	68.0	72.6	141.2	56.7
Total current.....	133.7	120.2	110.2	96.3	87.8	78.5	70.1	57.1	51.2	45.7	43.1
Labor statistics.....	29.3	26.9	26.9	26.0	23.6	21.4	18.1	13.8	11.7	11.1	9.4
ERS.....	.5	.4	.4	.3	.1	.1	.1	.1	.1	.2	.2
SRS.....	.3	.3	.3	.2	.2	.2	.2	.2	.2	.1	.1
BES.....	3.5	3.3	3.1	3.0	2.5	1.7	1.7	1.5	1.3	1.3	1.2
BLS.....	17.7	16.7	16.7	16.6	14.9	13.2	11.8	10.3	8.7	8.3	5.7
OMPER (OMAT).....	4.9	4.0	4.0	4.0	3.7	4.2	2.5				
Mines.....	.1	.1	.4	.4	.3	.4	.4	.4	.4	.3	.3
NSF.....	2.3	2.1	2.0	1.4	1.9	1.6	1.4	1.3	1.1	1.0	1.0
Census.....											1.0
Demographic and social statistics.....	46.6	40.5	32.9	24.2	18.3	15.9	14.3	10.7	9.7	8.3	8.8
ERS.....	1.0	.4	.4	.4	.3	.1	.1	.1	.1	.1	.1
Census.....	2.6	2.7	2.0	1.9	1.8	1.6	1.5	1.2	1.1	1.1	1.3
NCHS.....	9.5	8.3	8.2	6.9	6.3	5.8	5.1	4.5	4.0	3.0	3.6
NCHS.....	2.9	2.5	2.1	2.7	2.1	1.5	1.3	1.1	.9	.8	.7
SSA.....	16.8	14.8	10.0	6.0	4.6	4.3	4.1	2.8	2.6	2.4	2.3
WA.....	2.2	2.0	1.9	1.7	1.5	1.2	1.0				
NSF.....	2.6	2.4	2.4	2.3	1.6	1.4	1.2	1.0	1.0	.9	.8
OEO.....	9.0	7.4	5.9	2.4							
Prices and price indexes.....	7.7	6.9	6.3	5.6	5.7	5.0	4.6	3.9	4.0	3.8	3.5
ERS.....	.7	.7	.7	.6	.6	.6	.6	.6	.6	1.6	1.6
SRS.....	1.8	1.8	1.6	1.5	1.4	1.3	1.1	1.0	1.0		
BLS.....	5.1	4.3	3.9	3.4	3.6	3.0	2.8	2.3	2.4	2.2	1.9
Census.....	.1	.1	.1	.1	.1	.1	.1				
Production and distribu- tion statistics.....	33.5	31.5	31.0	28.6	27.2	24.9	23.1	20.2	18.6	16.3	15.5
ERS.....	2.1	2.1	2.0	1.8	1.8	1.5	1.5	1.4	1.2	6.1	5.8
SRS.....	12.5	12.1	11.9	10.5	10.3	9.0	8.0	6.9	6.5		
Census.....	11.7	11.2	11.7	11.0	10.7	9.6	9.3	7.7	6.9	6.2	5.7
Engrs.....	1.1	1.1	1.1	1.1	1.0	1.0	.9	.9	.9	.9	.9
Mines.....	2.4	2.5	2.2	2.3	2.0	2.0	1.7	1.6	1.6	1.6	1.6
ICC.....	1.1	1.1	1.1	1.1	.9	1.4	1.3	1.3	1.2	1.2	1.2
CAB.....	.8	.7	.6	.6	.5	.4	.4	.4	.3	.3	.3
Transportation.....	1.8	.7	.4	.1							
Construction and hous- ing statistics.....	5.1	3.5	2.9	3.2	3.1	3.1	2.5	2.3	1.6	1.3	1.2
Census.....	3.0	2.4	1.9	2.0	2.0	1.8	1.6	1.5	1.3	1.0	.3
FHLBB.....	.8	.6	.6	.7	.7	.9	.5	.4	.3	.3	.3
HUD.....	1.3	.5	.4	.5	.4	.4	.4				
BLS.....											.4
BDSA.....											.2
National income and business, financial accounts.....	11.5	11.0	10.3	8.7	9.9	8.2	7.5	6.2	5.6	4.9	4.7
ERS.....	.3	.3	.3	.3	.3	.3	.2	.2	.2	.2	.2
Census.....	.9	.8	.7	.7	.6	.5	.4	.4	.3	.3	.3
OBE.....	3.3	3.0	2.8	2.5	2.3	2.1	2.0	1.6	1.5	1.4	1.2
IRS.....	6.2	6.2	5.8	4.5	6.1	4.6	4.3	3.4	3.1	2.6	2.6
FTC.....	.4	.4	.4	.4	.3	.3	.3	.3	.3	.2	.2
SEC.....	.4	.3	.3	.3	.3	.3	.3	.3	.2	.2	.2
Total periodic.....	24.7	20.5	12.5	11.2	22.2	15.0	12.3	10.9	21.4	95.5	13.6

TABLE I.—OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS BY BROAD SUBJECT AREAS—Continued

[In millions of dollars]

Program	Fiscal years										
	1969 estimated	1968 estimated	1967	1966	1965	1964	1963	1962	1961	1960	1959
Decennial censuses ¹ -----	17.5	7.6	2.8	2.2	.9	.5	2.8	6.7	18.0	90.1	6.1
Economic censuses ² -----	6.9	7.5	3.0	.8	5.8	7.1	2.9	1.2	2.0	5.1	7.0
Censuses of agricul- ture ³ -----		.4	1.9	5.1	15.5	1.5	.5				
Censuses of govern- ments ⁴ -----	.3	1.0	1.3	.2		.6	.8	.9	.1	.1	.5
National housing Invest- ment-----											
Registration and voting-----				1.2							
CPI revision-----					.8	1.3		2.1	1.3	.2	
Computer equipment-----		4.0	3.5	1.7		4.5	4.0				

¹ 1950, 17th decennial; 1958-63, 18th decennial; 1964-69, 19th decennial.² 1950, 1948 Census of Business; 1956-58, 1954 economic censuses; 1957-62, 1958 economic censuses; 1962-67, 1963 economic censuses; 1966-69, 1967 economic censuses.³ 1956-57, 1954 Census of Agriculture; 1963-68, 1964 Census of Agriculture.⁴ 1957-60, 1957 Census of Governments; 1961-64, 1962 Census of Governments; 1966-69, 1967 Census of Governments.

EXPLANATORY NOTES

Figures represent obligations, actual for 1967 and earlier, estimated for 1968 and 1969.

Where possible, data are based on "Special Analysis for Principal Federal Statistical Programs" printed with the budget. However, since agencies included have changed at times, principally by expansion in 1961, 1962, and 1963, estimates have been made for certain agencies not shown in that document in earlier years in order to obtain a reasonably comparable series for the entire period shown here. When new agencies have been organized to perform new functions, they have been added—OMPER in 1963, OEO (\$2,400,000) in 1966. When new agencies were organized to perform functions previously performed elsewhere, with or without new functions, data are shown under the present name, but carried back to be continuous. (For example, SRS and ERS in Department of Agriculture are shown separately since 1961, but only a single figure for these programs is shown for earlier years. NCHS was organized in 1960; figures for earlier years represent work on vital statistics and public health reports.) In other cases, program content and budgeting has been changed without reorganization. Most notable example is that in 1960 census took over construction and housing starts, most of which had been in BLS; BLS took over the labor force portion of the CPS.

Abbreviations are as follows:

BDSA—Business and Defense Services Administration, ¹ Commerce Department.BES—Bureau of Employment Security, ² Labor Department.

BLS—Bureau of Labor Statistics, Labor Department.

Census—Bureau of the Census, Commerce Department.

CAB—Civil Aeronautics Board.²Engineers—Corps of Engineers, ² Department of Army.

ERS—Economic Research Service, Agriculture Department.

FHLBB—Federal Home Loan Bank Board.²FTC—Federal Trade Commission.²HUD—Department of Housing and Urban Development.²ICC—Interstate Commerce Commission.²IRS—Internal Revenue Service, ² Treasury Department.Mines—Bureau of Mines, ² Interior Department.

NCES—National Center for Educational Statistics, HEW.

NCHS—National Center for Health Statistics, HEW.

NSF—National Science Foundation.²

OBE—Office of Business Economics, Commerce Department.

OEO—Office of Economic Opportunity.²OMPER—Office of Manpower Policy, Evaluation and Research, ² Labor Department.SEC—Securities and Exchange Commission.²

SRS—Statistical Reporting Service, Agriculture Department.

SSA—Social Security Administration ² HEW.Transportation—Department of Transportation.²WA—Welfare Administration, became Social and Rehabilitation Service.²¹ Construction statistics only.² Statistical programs only.

TABLE 2.—OBLIGATIONS FOR PRINCIPAL STATISTICAL PROGRAMS, TOTAL AND SELECTED AGENCIES

(In millions of dollars)

Agency	Fiscal years										
	1969 estimate	1968 estimate	1967	1966	1965	1964	1963	1962	1961	1960	1959
Grand total.....	158.4	140.7	122.7	107.5	110.0	93.5	82.3	68.0	72.6	141.2	56.7
CURRENT PROGRAMS											
Total current.....	133.7	120.2	110.2	96.3	87.8	78.5	70.1	57.1	51.2	45.7	43.1
Census.....	18.2	17.1	16.4	15.7	15.2	13.6	12.8	10.7	9.6	8.6	8.6
OBE.....	3.3	2.9	2.8	2.5	2.3	2.1	2.0	1.6	1.5	1.4	1.2
BLS.....	22.7	21.0	20.6	20.0	18.5	16.3	14.6	12.7	11.1	10.5	8.0
BES.....	3.5	3.3	3.2	3.0	2.5	1.7	1.7	1.5	1.3	1.3	1.2
OMPER.....	4.9	4.0	4.0	4.0	3.7	4.2	2.5				
ERS.....	4.7	3.9	3.8	3.4	3.1	2.6	2.5	2.4	2.2	8.2	7.9
SRS.....	14.7	14.2	13.7	12.3	11.9	10.5	9.3	8.1	7.6		
NCHS.....	9.5	8.3	8.2	6.9	6.3	5.8	5.1	4.5	4.0	3.0	3.6
NCES.....	2.9	2.4	2.1	2.7	2.1	1.5	1.3	1.1	.9	.8	.7
SSA.....	16.8	14.8	10.0	6.0	4.6	4.3	4.1	2.8	2.6	2.4	2.3
WA.....	2.2	2.0	1.8	1.7	1.5	1.2	1.0				
IRS.....	6.2	6.2	5.8	4.5	6.1	4.6	4.3	3.4	3.1	2.6	2.6
NSF.....	4.9	4.5	4.4	3.7	3.5	3.0	2.6	2.3	2.1	1.9	1.8
Mines.....	2.5	2.6	2.6	2.7	2.4	2.4	2.2	2.0	2.0	1.9	1.9
Other.....	16.7	13.0	10.8	7.2	4.1	4.7	4.0	4.0	3.2	3.1	3.3
PERIODIC PROGRAMS											
Total periodic.....	24.7	20.5	12.5	11.2	22.2	15.0	12.3	10.9	21.4	95.5	13.6
Census.....	24.7	20.5	10.9	9.5	22.2	14.2	10.9	8.8	20.1	95.3	13.6
All other.....			1.6	1.7		.8	1.4	2.1	1.3	.2	

EXPLANATORY NOTES FOR TABLE 2

Figures represent obligations, actual for 1967 and earlier, estimated for 1968 and 1969. Where possible, data are based on "Special Analysis for Principal Federal Statistical Programs" printed with the budget. However, since agencies included have changed at times, principally by expansion in 1961, 1962 and 1963, estimates have been made for certain agencies not shown in that document in earlier years in order to obtain a reasonably comparable series for the entire period shown here. When new agencies have been organized to perform new functions, they have been added—OMPER in 1963, OEO (\$2,400,000) in 1966. When new agencies were organized to perform functions previously performed elsewhere, with or without new functions, data are shown under the present name, but carried back to be continuous. For example, SRS and ERS in Department of Agriculture are shown separately since 1961, but only a single figure for these programs is shown for earlier years. NCHS was organized in 1960; figures for earlier years represent work on vital statistics and public health reports; the latter is not in later years but the National Health Survey is. In other cases, program content and budgeting has been changed without reorganization. Most notable example is that in 1960 Census took over construction and housing starts, most of which had been in BLS; BLS took over the labor force portion of the CPS. Although these changes could be, and were costed out for budgeting purposes at the time they occurred it would have been very difficult to carry them back, so this has not been done.

Census periodic includes funds for computers. Other periodic includes in 1966 and 1967 funds for computers for SRS and NCHS; in 1960 through 1964, funds for last revision of the Consumer Price Index.

Abbreviations are as follows:

Census—Bureau of the Census.
 OBE—Office of Business Economics.
 BLS—Bureau of Labor Statistics.
 BES—Bureau of Employment Security.¹
 OMPER—Office of Manpower Policy, Evaluation and Research.
 ERS—Economic Research Service.
 SRS—Statistical Reporting Service.
 NCHS—National Center for Health Statistics.
 NCES—National Center for Educational Statistics.
 SSA—Social Security Administration.¹
 WA—Welfare Administration.¹
 IRS—Internal Revenue Service.¹
 NSF—National Science Foundation.¹
 Mines—Bureau of Mines.¹

Agencies included in "Other" current are as follows:

Department of Housing and Urban Development.¹
 Civil Aeronautics Board.¹
 Federal Home Loan Bank Board.¹
 Federal Trade Commission.¹
 Interstate Commerce Commission.¹
 Office of Economic Opportunity.¹
 Corps of Engineers.¹
 Securities and Exchange Commission.¹
 (Business and Defense Services Administration, construction statistics only included in total for years prior to 1960.)
 Department of Transportation.¹
 WA—Welfare Administration—became Social and Rehabilitation Service.¹

¹ Statistical programs only.